Terms of Reference – Remuneration Committee

1. Constitution

1.1. The Remuneration Committee (the "Committee") was constituted as a committee of the board of directors (the "Board") of the Exeter Friendly Society Limited (the "Society") at a full meeting of the board held on 29 September 2017.

1.2. The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.

1.3. The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limited, the establishment of sub-committees which are to report back to the Committee.

2. Purpose

2.1. The purpose of the Committee is to consider, agree and recommend to the Board on overall remuneration policy and approach that is aligned to the Society's long-term business strategy, business objectives, risk appetite and the long-term interests of its members.

2.2. For the purposes of these terms of reference any reference to the "Society" or the "Exeter" should be deemed to include its subsidiary and the group as a whole, as appropriate.

3. Membership

3.1. The Committee shall comprise of at least three members, all of whom shall be independent non-executive directors as determined by the Board (having regard to the principles of the UK Corporate Governance Code). The Chair of the Board may also serve on the Committee as an additional member if they are considered independent on appointment as Chair. The Chair of the Board shall not count towards the minimum of three members and shall not be Chair of the Committee.

3.2. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee. Appointments to the Committee, in respect of independent non-executive directors, shall be for a period of up to three years, extendable by no more than two additional three-year periods (unless otherwise agreed by the Board on the recommendation of the Nomination Committee), provided the director (other than the Chair of the Board), still meets the criteria for membership of the Committee and re-election by members.

3.3. The Board shall, on the recommendation of the Nomination Committee, appoint the Committee Chair who shall be an independent non-executive director who should have served on a remuneration committee for at least twelve months or have equivalent experience in remuneration, regulatory, people and reward governance.

3.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief People Officer, the Chief Financial Officer, the Chief Risk Officer and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary. All non-executive directors of the

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Board are invited to attend Committee meetings at which bonus and incentive schemes of the Society are being reviewed.

3.5. No Committee member or attendee shall participate in any discussion or decision on their own remuneration.

4. Secretary

4.1. The Company Secretary, or their nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

5. Quorum

5.1. The quorum necessary for the transaction of business shall, be two independent non-executive director members, provided that the Chair of the Board may not count towards the quorum, whether present in person or by audio or video conference.

5.2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.3. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves (other than the Chair of the Board) to chair the meeting.

6. Frequency of Meetings

6.1. The Committee will normally meet at least three times a year at appropriate intervals and otherwise as required. Meetings may be held in person, or in the form of either video or audio conference. A member of the Committee so participating shall be deemed to be present in person and at the meeting and shall be entitled to fully participate and be counted in the quorum (except for the Chair of the Board) accordingly.

6.2. Interim 'specific issue(s)' meetings may be convened, by the secretary of the Committee, at the request of the Chair or by any member of the Committee. In circumstances where a decision is required to be made in a timely fashion, the interim meeting may take place by e-mail and shall be valid if the email has been circulated to all members of the Committee, and the decision is approved by a quorum.

6.3. The Committee will meet privately, as often as the Committee deems necessary but at least once a year, with the Chief People Officer to discuss matters relating to workforce remuneration, culture, capability succession planning and emerging people risks.

7. Notice of Meetings

7.1. Meetings of the Committee shall be convened by the secretary of the Committee at the request of the Committee Chair or any of its members. Meetings can be requested by management if they consider it necessary.

7.2. Unless the Committee otherwise agree, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, all other non-executive directors and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

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8. Minutes of Meetings

8.1. The secretary of the Committee shall minute the proceedings and decisions of all meetings of the Committee, including the names of those present and in attendance.

8.2. Draft minutes of Committee meetings shall be sent and agreed with the Committee Chair within ten working days of the meeting. Once approved, minutes shall be circulated to all members of the Committee, unless, exceptionally, in the opinion of the Committee Chair it would be inappropriate to do so.

8.3. The minutes of each meeting will be distributed to all attendees as appropriate, taking into account any conflicts of interest which may exist.

8.4. Reports will be made to the Board following each meeting of the Committee by the Chair of that meeting.

8.5. Final signed copies of the minutes of the meetings of the Committee should be maintained for the Society's records.

8.6. Where meetings have taken place by exchange of e-mail, copies of the e-mails shall be included in the minute book as the minutes of the e-mail meeting.

9. Member Engagement

9.1. The Committee Chair, or a deputy chosen from its membership, will be available at the Annual General Meeting of the Society to answer member questions on the Committee's activities and areas of responsibility.

10. Duties and Terms of Reference

10.1. When considering remuneration policy and practices, the Committee should have oversight of the group as whole and, unless required otherwise by regulation, shall carry out the duties below for the Society, its subsidiaries and the group as a whole, as appropriate.

10.2. The Committee will take into account all factors which it deems necessary, including legal and regulatory requirements, which may be relevant and applicable to the Society including but not limited to provisions and recommendations of the AFM UK Corporate Governance Code, the FCA's Remuneration Code, the PRA's Solvency II Remuneration Requirements and associated guidance to the extent that they apply to the Society.

10.3. The Committee's work will be supported by the maintenance of a rolling agenda covering regular activities undertaken by the Committee in the fulfilment of its responsibilities.

10.4. The Committee's key duties are:

10.4.1. <u>General oversight</u>

10.4.1.1. ensure that competitive remuneration packages are in place that attract, retain, motivate and reward the Executive Committee (the "Exco") to deliver business objectives in support of the Society's purpose and strategy whilst providing value to our members;

10.4.1.2. ensure that in performing its functions, it does so in a way as to ensure good customer outcomes for members of the Society;

10.4.1.3. to approve the remuneration sections of the Annual Report and Accounts and Summary Financial Statements Remuneration Committee Report;

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10.4.1.4. obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Society but within any budgetary restraints imposed by the Board;

10.4.1.5. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;

10.4.1.6. work and liaise as necessary with all other Board Committees, ensuring the interaction between committees and with the Board is reviewed at least annually; and

10.4.1.7. no director or employee shall be involved in decisions about their own remuneration. A separate Special Sub Committee of the Board will approve the fees of non-executive directors which will then be ratified by the Board.

10.4.2. Remuneration Policy

10.4.2.1. ensure that remuneration policy is consistent with regulatory requirements and the Society's purpose, financial situation and future prospects;

10.4.2.2. maintain oversight and governance of the Society's remuneration policy and practices ensuring they are comprehensive and proportionate to the nature, scale and complexity of the Society's activities and take into account its statutory duties including in relation to Environmental, Social and Governance (ESG), equal pay and non-discrimination;

10.4.2.3. ensure that the remuneration policy shall have regard to the risk appetite of the Society and alignment to the Society's long-term strategic goals. A significant proportion of remuneration shall be structured so as to link rewards to corporate and individual performance and designed to promote the long-term sustainable success of the Society. The remuneration policy shall promote a positive risk culture, sound and effective risk management and shall not encourage risk-taking that exceeds the Society's risk tolerance limits; and

10.4.2.4. regularly review the on-going appropriateness and relevance of the Remuneration Policy.

10.4.3. Executive and Senior Management Function (SMF) Pay

10.4.3.1. determine and agree with the Board the framework for remuneration for the Chief Executive Officer (CEO), Executive Directors and members of the Exco and any individuals who hold Senior Management Functions (SMF) and regularly monitor and review the framework to ensure effectiveness against the remuneration policy;

10.4.3.2. within the terms of the agreed Remuneration Policy and in consultation with the Chair of the Board and/or Chief Executive, as appropriate, approve and determine the salaries, any salary adjustments, pension and benefit arrangements, variable pay awards and payments, the application of any malus and clawback provisions and the total individual remuneration package, including bonuses and incentive payments, for the Exco, executive directors, the Chair of the Board and those with SMF responsibilities;

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10.4.3.3. ensure that in relation to the Exco, contractual terms on termination, and any payments made, are fair to the individual and the Society, that failure is not rewarded, that the duty to mitigate loss is fully recognised and that severance payments are fully disclosed in the Directors' Remuneration Report; and

10.4.3.4. agree the policy for authorising claims for personal expenses from the directors.

10.4.4. General pay and conditions

10.4.4.1. approve the annual pay review for employees, as recommended by the Exco;

10.4.4.2. when setting the remuneration policy and performing pay reviews for the Exco and the Society's Chair, review and have regard to pay and employment conditions across the Society, including any diversity and inclusion implications, especially when determining annual salary increases; and

10.4.4.3. oversee any major changes in employee benefit structures throughout the Society.

10.4.5. Variable Pay

10.4.5.1. approve the design of any variable remuneration schemes and approve any amendments made, ensuring proportionality to the Society's size, complexity and risk profile;

10.4.5.2. approve the targets proposed by the Exco, for any performance-related pay schemes operated by the Society and approve the total annual payments made under such schemes;

10.4.5.3. establish and oversee the selection of key performance indicators (KPIs) for performance-related pay schemes. This includes designing KPI targets specifically for executive remuneration and ensuring alignment with strategic objectives;

10.4.5.4. determine and approve the final payout at the end of the year for the Exco and the wider organisation, ensuring consistency and fairness across all levels;

10.4.5.5. exercise any discretion specified in the rules of any performance related pay schemes and generally oversee the administration of these schemes;

10.4.5.6. monitor and invoke, where appropriate and proportionate, agreed safeguards, for example modifiers and clawback, to protect against rewards for failure through appropriate liquidity, governance and risk management of any incentive arrangements and adjustments, if necessary; and

10.4.5.7. ensure that variable remuneration outcomes explicitly take account of conduct, risk management, and delivery of good outcomes for members, and that financial performance is not assessed in isolation.

11. Reporting Responsibilities

11.1. The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.

11.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

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11.3. The Committee shall ensure that a remuneration report which draws on current best practice guidelines produced by the Association of Financial Mutuals and complies with regulatory and legislative requirements, is included in the Society's Annual Report and is subject to an advisory vote at the Annual General Meeting. If the Committee has appointed remuneration consultants, the annual report of the Society's remuneration policy should identify such consultants and state whether they have any other connection with the Society.

12. Other Matters

12.1. The Committee shall:

12.1.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

12.1.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;

12.1.3. give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors, including the provisions of the AFM's UK Corporate Governance Code, the FCA's Remuneration Code, the PRA's Solvency II Remuneration Requirements, guidelines published by the Association of British Insurers and associated guidance to the extent that they apply to the Society and any other applicable rules or legislation, as appropriate; and

12.1.4. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

13. Authority

13.1. The Board authorises the Committee to:

13.1.1. carry out all duties set out in these terms of reference;

13.1.2. seek any information that it requires from any colleague or director of the Society in order to perform its duties;

13.1.3. obtain, at the Society's expense, independent legal or other independent professional advice on any matter it believes it necessary to do so;

13.1.4. to delegate any of its duties as is appropriate to such persons or person as it thinks fit whilst retaining responsibility and oversight for any and all actions taken; and

13.1.5. request the attendance of any colleague or director at a meeting of the Committee as and when required.

Adopted at the Board meeting of the Society on 24 June 2026.

Date of next review June 2027.

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