

## Terms of reference

# REMUNERATION COMMITTEE

Reviewed by the Committee on 27 November 2025 and approved by the Board of Directors of Dudley Building Society (the **Society**) on 28 November 2025 (to apply with immediate effect).

## 1. PURPOSE

The role of the Remuneration Committee (the **Committee**) is to assist the Board in ensuring that the Society's remuneration policies and practices support strategy and promote long-term sustainable success. The Committee's role is also to make sure that executive remuneration is aligned to the Society's purpose and values, is clearly linked to the Society's long-term strategy, and is in accordance with applicable law and regulation.

No person will be involved in any decision-making process that relates to their own remuneration.

## 2. RESPONSIBILITIES

### Remuneration Policy

- 2.1 Recommend to the Board for approval the Society's Remuneration Policy. The Committee must consider the link between strategy, culture, values, and purpose and long-term sustainable performance; the importance of effective risk management; applicable law, regulation and codes of practice; and prevailing economic conditions and market trends.

### Executive remuneration

- 2.2 Acting within the limits of the Society's Remuneration Policy, determine the total remuneration package of each of the Society's Executive Directors and Executives (in consultation with the Chief Executive Officer and/or Chair of the Board, as applicable). Remuneration includes base salary, variable pay, pension arrangements and other benefits (and buyouts of forfeited rights for any new appointments).

### Variable pay

- 2.3 Determine the targets applicable to variable pay schemes.
- 2.4 Exercise discretion and judgement to determine annually whether awards will be made and, if the decision is to make an award, the overall amount of such awards and the (as applicable) individual awards to be made to participants, having regard to the Chief Risk Officer's advice in respect of whether performance has been commensurate with effective risk management.

### Chair of the Board fees

- 2.5 Review and if thought fit make changes to the Chair of the Board's fee at least annually.

### Society employee remuneration

- 2.6 Oversee the overall approach to employee remuneration – including base pay, benefits and incentives – related policies, and major changes in employee benefit structures, always considering the alignment of incentives and rewards with culture.

#### **Remuneration consultants**

- 2.7 If thought fit, appoint remuneration consultants and obtain professional advice and/or training which is reasonably necessary to enable the Committee to discharge its duties, ensuring that the Committee exercises independent judgement in evaluating advice from such consultants.

#### **Regulatory matters**

- 2.8 Review and approve the PRA Remuneration Policy Statement and list of material risk takers.
- 2.9 In relation to Material Risk Takers who are not Executive Directors or Executives, receive reports from the Head of Employee Experience & Organisational Development on their remuneration including any malus / clawback decisions.
- 2.10 Oversee the remuneration of the most senior personnel in the Society's control functions.

#### **Workforce Performance and Capability**

- 2.11 Receive and review periodic reports on workforce performance and capability, to ensure remuneration policies, practices and decisions support the Society's strategic objectives, culture, talent development and risk management.

#### **Transparency**

- 2.12 Ensure that there is included in the Society's annual report a description of the Committee's work including an explanation of the strategic rationale for Executive Directors' remuneration policies, structures and performance metrics; the reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps; whether the remuneration policy operated as intended in terms of the Society's performance and quantum; engagement with the workforce to explain how executive remuneration aligns with wider Society policy; and the extent to which the Committee has applied discretion to remuneration outcomes and the reasons why.
- 2.13 Ensure that there is included in the annual report on remuneration a description of the Society's malus and clawback provisions, the circumstances in which they could be used, the periods used and why they are best suited to the Society, and whether the provisions were used in the relevant reporting period and if so, the reason(s) why.
- 2.14 If a remuneration consultant is appointed, identify the consultant in the annual report alongside a statement about any other connection it has with the Society or any of its Directors.

### **3. MEETINGS AND MEMBERSHIP**

#### **Committee Chair**

- 3.1 A Non-executive Director (other than the Chair of the Board) with at least 12 months' prior service as a Committee member will chair the Committee, as appointed by the Board from time to time. If the Committee Chair is absent, or unable to chair the meeting due to a conflict of interests, the other members shall elect one of their number to chair the meeting.

#### **Members**

- 3.2 The Committee shall comprise all the Non-executive Directors. The Committee may operate with a vacancy.

### **Quorum**

- 3.3 Meetings will be quorate if there are present at least two members. A duly convened meeting 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.

### **Attendees**

- 3.4 Only members have the right to attend meetings. Other individuals such as the Chief Executive Officer, People Director and external advisers may be invited to meetings when appropriate with the Committee Chair's agreement.
- 3.5 The Committee may invite other individuals to attend all or part of any meeting.

### **Frequency**

- 3.6 The Committee will usually meet at least twice a year and as often as is necessary to discharge its duties effectively. The Committee Chair may convene meetings at any time to consider any matter that is within the scope of these terms of reference.

### **Secretary**

- 3.7 The Society Secretary or their nominee will be secretary to the Committee.

### **Agenda and papers**

- 3.8 The Secretary will send notice of each meeting, an agenda and supporting papers to members, and (as appropriate) attendees at least seven days before the date of the meeting.

### **Minutes**

- 3.9 The Secretary will take minutes of meetings and send them to the Committee Chair within a reasonable timeframe after the meeting. Following the Committee Chair's approval, the draft minutes will be made available to other Committee members and submitted to the Committee for approval at the next meeting.

## **4. OTHER MATTERS**

### **Performance review**

- 4.1 Assess the Committee's performance periodically and report the outcome to the Board.
- 4.2 Review these terms of reference periodically and (if thought fit) recommend any changes to the Board for approval.

### **Authority**

- 4.3 The Board has delegated to the Committee authority in respect of the functions and powers set out in these terms of reference. The Committee is authorised to obtain, at the Society's expense, outside legal or other professional advice on any matters within its terms of reference. The Committee may investigate any activity within its terms of reference, seek any information it requires from any employee, and all employees shall co-operate with any reasonable request made by the Committee.