
THFC Group Remuneration Committee Terms of Reference

1 Constitution

For the purposes of this document, reference to The Housing Finance Corporation Limited ("THFC") includes the equivalent functions for all its subsidiary companies, together known as the "Group" and the Committee is empowered to act for the Group.

2 Membership

Committee members shall be appointed by the Board of THFC and shall comprise a minimum of four non-executive directors of THFC. The Board shall appoint one of the non-executive directors as the Remuneration Committee Chair.

Ms Gill Payne has been appointed Chair of Remuneration Committee.

3 Meetings

The Committee shall meet at least annually, and otherwise as required.

Meetings may be held virtually with the approval of the Chair.

4 Quorum

As a minimum, two non-executive members of the Committee present at a meeting shall constitute a quorum.

A member may attend (and be deemed present at) a meeting by telephone or any other electronic device.

If the Committee Chair is unable to attend, one of the other non-executive directors shall be appointed Chair of the meeting.

5 Attendance at meetings

The Chief Executive and other Executive Directors may attend meetings by invitation.

6 Responsibilities

The Remuneration Committee is a committee of the Board, chaired by a member of the Board, and is responsible for:

- a. Approving the remuneration of the Chief Executive (non-routine changes to terms and conditions reserved for the Board) and Executive Directors.
- b. Overseeing the appraisal of the Chief Executive. The Committee shall also receive a report from the Chief Executive highlighting any significant issues arising from the appraisal of Executive Directors.

Approving policies and guidance relating to staff remuneration, terms and conditions (including annual pay and bonus awards) for THFC and any subsidiary companies employing staff. The Committee shall ensure that any required staff consultation on employment matters has been undertaken and considered as part of the decision-making process.

- c. Reviewing the proposal for the annual staff pay and bonus award and any external benchmarking exercise of pay and benefits and recommending outcomes from these reviews to the Board for approval.
- d. Reviewing and approving significant changes to human resources strategy, policies and exceptional salary issues.
- e. Reviewing and agreeing any proposals in relation to the Group's pension scheme including any deficit reduction exercise. Proposals in relation to a deficit reduction exercise to be recommended to the Board.

- f. Any other relevant matters requested by the Board.

7 Authorities

The Committee is authorised by the Board to obtain, at THFC's expense, outside legal or other professional advice on any matters within its terms of reference.

8 Recommendations to the Board

The Committee is required by the Board to consider and make recommendations on the following:

- a. The remuneration of non-executive directors within the Group.
- b. Approval of the annual Staff Pay Award proposal.
- c. Approval of the Bonus Award proposal.
- d. Approval of proposals made by external benchmarking exercises of pay and benefits.

8 Reporting responsibilities

The Committee shall:

- a. Report to the Board after each meeting on the nature, content of its discussion, recommendations and action to be taken.

Committee minutes shall be presented to the Board and the Chair of the Committee shall present any issues arising of which the Board should be made aware.

- b. Produce a report to be included in the company's annual report describing the work of the Remuneration Committee in line with the UK Corporate Governance Code, insofar as it is appropriate and practicable for the size and nature of THFC.

9 Matters reserved for the Board

The Board reserves powers in relation to:

- a. Proposed offers to deferred pensioners in connection with deficit reduction exercises.

8 Annual review

The Committee is required to review annually its terms of reference and its own effectiveness and to recommend any necessary changes to the Board.

These terms of reference were last approved by the Board on 24 May 2022.

Ray Walker
Company Secretary
24 May 2022