

## Remuneration Committee Report to the AGM

The Board of Directors has established a Remuneration Committee whose main aim is to review the remuneration policy for all Executive and Non-Executive Directors, NED. The Committee has delegated authority from the Board to make recommendations regarding general remuneration, contractual and HR arrangements, subject to approval by the Board. Changes to the Non-Executive Directors remuneration is subject to approval by members at the Annual General Meeting. The Committee consists of the two Independent Advisors, the Vice Chair of the Board and one NED appointed by the Board.

The Committee meet twice during the year and are proposing a number of changes to the NED remuneration package.

The NED remuneration package was subject to a 5% uplift approved at the Annual General Meeting on the 15<sup>th</sup> December 2022. The increase was in respect of the cost of living rises and undertaken as an interim measure whilst a more thorough benchmarking exercise was undertaken. Prior to this exercise the last review was undertaken in 2017 following an independent benchmarking exercise by the Swoboda Research Centre (CFCFE at that time). The following levels of remuneration were recommended to and approved at the Annual General Meeting on the 19<sup>th</sup> December 2017.

Role	Remuneration	Following 5% uplift
Chairperson	£12,000	£12,600
Vice-Chairperson	£8,000	£8,400
Director appointed to the Audit and Risk Committee	£8,000	£8,400
NED	£5,000	£5,250

### Additional Costs

The Non-Executive Directors receive expenses for all travel costs which consists of mileage payments or reimbursement of fares paid. This includes travel expenses to the office which is taxable, and the Credit Union also reimburses the tax and NI payable on these expenses. The total cost to the Credit Union for the 2022/23 tax year was £5,114.

### Board Composition

The existing Board comprises of eight non-executive directors. The structure includes a Chairperson, Vice-chairperson and Secretary. Two directors who are appointed to the Audit and Risk Committee and three additional NEDs who hold varying responsibilities, which include governance, training, consumer duty, IT and cyber and lending and recoveries.

The recent succession planning exercise saw an increase in NEDs to 10 in 2020 to reduce by one per annum to 2023, in which the board composition will return to seven in total. This report has been prepared in accordance with that plan, but this is subject to review by the Board prior to the 2023 AGM.

The Board composition also includes two independent advisors who serve to attend all board meetings and hold positions of Chair and Vice-chair on the Audit and Risk Committee and Remuneration Committee. These positions are appointed by the Board of Directors.

## **Approach**

A benchmarking exercise was undertaken by the Committee to source information available regarding NED remuneration within the credit union sector and at the smaller end of the building society sector for comparison. It was difficult to gather a range of peer information from the credit union sector for comparison as No1 CopperPot remains one of a few credit unions in the sector who remunerated NEDs. However, it remains that the Board feel that the level of responsibility and complexity required to govern the Credit Union should be compensated for by way of remuneration.

## **Time Commitment**

NEDs are expected to attend 12 face-to-face board meetings per year, duration is approximately 2 hours. Board meeting preparation could extend up to half a day to review the papers. In addition, two 1-day strategy events take place.

The training requirement for all NEDs extends to approximately 15 online courses with varying durations up to 45 minutes each. There is also a requirement to attend the National Credit Union Forum's, NCUF, annual conference. Additional training and development is encouraged and this may take the form of attending peer credit unions or building societies, attending sector conferences or training events.

The Chairperson is often involved in additional meetings beyond that of the standard meeting schedule. This includes NED updates provided by the Building Society Association, the Credit Union's trade body, risk assessments undertaken by the Credit Union's regulators, The Friends of No1 CopperPot Lottery Committee Meetings, NCUF chair meetings and occasional provision of support to the CEO hosting peer credit unions. The Chairperson also provides line management to the CEO and frequent support and sound boarding, this includes preparation support for strategy events as and when required.

The Vice-chairperson provides cover and support to the Chairperson's role. In addition, the Vice-Chairperson holds a seat on the Remuneration Committee equating to an additional 2 meetings per annum.

Directors appointed to the Audit and Risk Committee are required to attend four meetings per year plus meetings for account preparation and review, prior to the accounts being presented to the Board of Directors and audit tender processes. It is estimated this time commitment is an additional 5 days per year.

## **Recommendation**

Following the review, the Committee recommends an increase to the standard NED remuneration from £5,250 per annum to £6,000 per annum. The remuneration from the Chairperson will increase from £12,600 per annum to £16,000 per annum. Remuneration for other positions will remain the same.

The Remuneration Committee also recommend that the Committee reviews any inflationary increases on an annual basis and proposal of any changes is presented to the members at the AGM for approval.

**John Sandford**

**Remuneration Committee Chair**