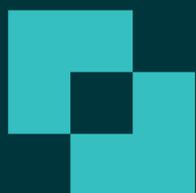


CO-OPERATIVES UK



**2022 REMUNERATION COMMITTEE
REPORT**



REMUNERATION COMMITTEE REPORT



Introduction

This is the second report that the Co-operatives UK Remuneration, Appointments & Succession Committee (RemCo) has produced for members. This Report is part of the Co-operatives UK Board's decision to follow the Co-operative Corporate Governance Code, specifically Section 6 'Remuneration of the Board and Executive Leadership'. This report is designed to provide details of our approach to remuneration and other contractual terms and demonstrate that they are equitable, transparent and align with the co-operative values and principles as documented by the International Co-operative Alliance (ICA).

This report is subject to an advisory vote by our members at the Annual General Meeting, on 17 June 2022.

Composition

Committee members are appointed by and from the Co-operatives UK Board based on their competence relevant to skills and experience required by the Committee. The current members of RemCo are:

Tanya Noon, Chair

Cheryl Barrott

Phil Hartwell

Don Morris, Chair of the Board (ex-officio)

Jane Powell

Jenny de Villiers

RemCo's Purpose

The purpose of RemCo is defined in its terms of reference which state:

"The Committee will support Co operatives UK's Board in complying with corporate governance requirements by overseeing responsibilities in relation to all elements of remuneration, appointment and succession planning for directors, the CEO and Secretary and by agreeing the high level framework for reward and employee benefits."

The Committee's terms of reference can be supplied to any member upon request.

Our Approach to Remuneration

We are committed to ensuring that our approach to remuneration is equitable, transparent and aligns with the ICA Values and Principles. Our remuneration policies and processes ensure that remuneration is sufficient to recognise the input and effort of Directors and members of staff. The Committee works with our CEO to ensure our approach to remuneration is in line with our policies and rewards those who work for us. We transparently report the individual remuneration packages of the CEO, Society Secretary and members of the Management Team and the Board fees paid to our Directors in the Annual Report.

Board

Our Director Remuneration policy is to pay an annual fee to Directors (agreed by the members at the Annual General Meeting), cover reasonable expenses and if applicable pay an attendance allowance (also known as a loss of earning allowance) when a Director performs additional duties. Directors do not receive a remuneration package, as you can see from the Annual Report we pay a flat fee to our Directors and a higher fee to our Chair, to reflect the nature and additional responsibilities and time commitment associated with this role.

We ask for the approval of the members at every Annual General Meeting to increase these Board fees in line with RPI. As at the 2021 AGM, this year the members are not being asked to approve a fee increase as the Board has agreed not to propose an increase in either the directors or the Chair's fee. The Board took the decision to forego a proposal of an increase for another year to reflect the investment needed in delivery of the organisation's new strategy and in light of the challenging trading environment many of our members are experiencing. However, the Board is conscious that it must not create a situation whereby the role of a Director can only be taken on by those able to financially subsidise the time required. Therefore, the Board does intend to propose an increase in line with RPI to members at the 2023 AGM.

Management Team

The remuneration packages of the Management Team, and the wider staff team, are governed by our 'Pay and Reward Policy'. Any decisions made outside of this policy must be subject to Management Team agreement. We work with the CEO and the Management Team to make sure that the policy is fit for purpose and reviewed regularly. Our policy is outlined below:

Co-operatives UK is committed to ensuring that its reward package is fair to employees and competitive within the labour market. In particular, we:

- Operate a pay and grading structure that is in line with market practice and standards;
- Benchmark our pay and reward against other employers; and
- Conduct annual pay reviews for all employees through dialogue with our recognised trade union SATA

Our staff remuneration policy's objective is to attract, retain and motivate high quality employees without remuneration being excessive and by having regard to the size, complexity, turnover and risk appetite of Co-operatives UK and to ensure alignment to long term strategic goals.

However, our approach is not only determined by external practices; through engagement with employees we seek to reflect the wishes of our team as to how we develop our approach to rewarding them. A copy of our Pay and Reward Policy can be supplied to any member upon request.

RemCo's Work in 2021

In line with the Committee's terms of reference and agreed policies, RemCo was involved in a wide range of activity in 2021, including:

- Recommendation of the CEO objectives, review process for her first year in post and oversight of her first performance appraisal
- Undertook an appraisal of the CEO and the Society Secretary
- Made recommendations to the Board for appointments to subcommittees and appointments to Boards and Committees in external organisations including the Co-operative College (CIO), Co-operative Heritage Trust, the Co-op Press, Co-operative and Community Finance and the Co-operative Councils Innovation Network's Values & Principles Board
- Monitored our pay and reward policy, working with the Management Team to ensure adherence to this policy alongside oversight of the ongoing Pay and Reward Review project, which is designed to ensure all staff are remunerated fairly and to address any historical anomalies
- Approved the distribution of the annual performance pot available for changes in the remuneration of staff in line with the Pay and Reward policy and the budget agreed by the Board
- Provided oversight to ongoing work around organisation culture and diversity, equity and inclusion
- Led a whole board performance appraisal, analysing the results and providing oversight of improvement activity and designed an appraisal of our subcommittees for the first time
- Encouraged voluntary gender pay reporting

