

Directors' Remuneration Report 2026

Annual General Meeting
2026

Directors' Remuneration Report

Introduction from the Chair

Dear member

I am pleased to present this year's Remuneration Committee report. The report includes a summary of our remuneration policy, together with key decisions made in the year.

The focus of the committee is to set our remuneration policy, including base pay, variable remuneration and other benefits for executive directors and material risk takers. The committee also has oversight of reward for the wider colleague population, as it relates to the broader culture of the Society.

As a purpose-driven mutual business, we remain committed to ensuring our colleagues are paid fairly and appropriately rewarded for their work. In 2025, our colleague annual pay review award exceeded the pay increase percentage for executive directors. We continue to be accredited as a real Living Wage Employer and raised our minimum full time salary to £24,000 last year. Every colleague in the Society is eligible for an annual bonus, allowing colleagues to share in our success and be acknowledged for their contributions. Additionally, we offer a variety of benefits designed to support our colleagues and their families, spanning financial, physical, social and emotional wellbeing.

In order to maintain this fair and competitive approach to remuneration, the committee has, over the past 12 months, carefully considered the

significant changes in the regulatory landscape as well as broader shifts in remuneration practices within the financial services sector. Against this backdrop, the committee believes that now is an appropriate time to review our Directors' Remuneration Policy for the coming years. We are confident that this review will ensure our remuneration practices remain aligned with our purpose, competitive within the market, and underpinned by robust risk management, while safeguarding against any risks that could adversely affect members.

Our members will have the opportunity to vote, on an advisory basis, on both the 2025 Directors' Remuneration Report and our 2026 Directors' Remuneration Policy, at the 2026 AGM. The key features of the new remuneration policy are summarised later in my letter and set out in full on pages 8 to 11.

Performance and awards 2025

Earlier sections of the Annual Report and Accounts outline the strong progress we have made across our key metrics and against our purpose blueprint, which determines the bonus outturn for 2025.

After careful consideration, annual bonuses of between 15.60% and 17.58% (2024: 16.31% and 17.35%) have been awarded for 2025 to the executive directors, which represents between 78.00% and 87.92% (2024: 81.56% and 86.75%) of the maximum award available.

In arriving at the decision to award variable remuneration, a full risk assessment process was undertaken, during which the Remuneration Committee considered a range of factors and received input from the Board Risk Committee. Following full consideration, no adjustment to variable remuneration was deemed necessary and no malus or clawback applied.

2025 remuneration and leadership changes

We review each colleague and executive's salary on an annual basis, to ensure our pay levels remain competitive. The base pay increase for each executive director in 2025 was 3%, which was less than the average increase received by our wider workforce. The Chair and non-executive director basic fees also increased by 3% for 2025, in line with the increase received by the executive directors and following a review of peer and wider market data.

In June 2025, the incumbent CEO, Richard Fearon, began an extended leave of absence and was replaced on an interim basis by Annette Barnes. The Remuneration Committee carefully reviewed the appropriate remuneration for Annette during her tenure as interim CEO and determined it appropriate to align her remuneration with that of the incumbent CEO.

The Remuneration Committee has also considered a number of other appointments during the year at Executive Committee and Director level.

Looking ahead – 2026 remuneration changes

The committee has carefully considered the significant changes in the regulatory landscape, as well as broader shifts in remuneration practices within the financial services sector in recent years. Following a comprehensive market review, supported by independent external remuneration advisors, the committee has determined now is the right time to review our Directors' Remuneration Policy.

To remain competitive and ensure the Society can both attract and retain the senior talent required to deliver value for our members, the current executive bonus scheme will be replaced with a new Variable Performance Award for our senior leaders from 1 January 2026. More details of this can be found on pages 9 to 10 of this booklet, and pages 141 to 142 of the Annual Report and Accounts.

I trust this report is helpful and informative. The Remuneration Committee recommends that members vote in favour of the 2025 Directors' Remuneration Report and Remuneration Policy.

Pam Rowland

Chair of the Remuneration Committee

Our Remuneration Policy and principles

The Remuneration Policy is designed to serve the interests of members and stakeholders by:

- Being clearly linked to business objectives.
- Driving behaviours consistent with our purpose, culture, values and strategy.
- Being structured to attract and retain appropriately skilled colleagues to support the Society's long-term interests and to promote a healthy culture.

All our remuneration decisions are based on:

- Objectives which ensure the security of the Society and our members through our purpose, business strategy, values and long-term interests.
- Procedures and practices that are consistent with, and promote, sound and effective risk management. They balance fixed and variable remuneration to create an acceptable relationship between risk and reward.
- Basic salary and total remuneration which are set at a competitive level to attract, retain and motivate colleagues of the required calibre.

Executive director remuneration summary for 2025

The total remuneration received by executive directors for 2025 is detailed below, compared with 2024. The total remuneration for executive directors equates to 1.59% of profit before tax (2024: 1.95%).

This information has been audited and shows remuneration for the years ending 31 December 2024 and 31 December 2025, as required to be reported under the Building Societies (Accounts and Related Provisions) Regulations 1998.

The awards made in respect of performance in 2025 are in line with the 2025 Remuneration Policy, with a maximum annual bonus of 20% for executive directors.

The Chief Executive Officer is the Society's highest paid colleague. As we are a mutual organisation, we have no share capital and, therefore, do not offer share-based remuneration to executive directors or colleagues.

Executive director remuneration 2025 (audited)

Executive directors	Salary	Annual bonus	Retention award ¹	Pension ²	Total fixed remuneration	Total variable remuneration	Total remuneration
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R G Fearon ³	651	104	-	73	724	104	828
A P Conroy	444	71	-	47	491	71	562
A J Greenwood	450	70	-	77	527	70	597
R J Howse	415	66	167	43	458	233	691
A M Barnes ⁴	363	64	-	50	413	64	477
Total remuneration	2,323	375	167	290	2,613	542	3,155

Executive director remuneration 2024 (audited)

Executive directors	Salary	Annual bonus	Retention award ¹	Pension ²	Total fixed remuneration	Total variable remuneration	Total remuneration
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R G Fearon ³	696	122	-	77	773	122	895
A P Conroy	431	71	-	44	475	71	546
A J Greenwood	436	74	-	74	510	74	584
R J Howse	402	69	142	40	442	211	653
A M Barnes ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total remuneration	1,965	336	142	235	2,200	478	2,678

Notes

- The Remuneration Committee approved a retention award, specifically in relation to the successful delivery of the critical, multi-year core system migration programme, for R J Howse.
- All directors elected to receive part or all of the Society's pension contribution as a cash allowance.
- R G Fearon stood down from the board on 27 November. His salary, benefits, and annual bonus shown in the table above are prorated to reflect his time on the Board as a Director. Full details of his leaving arrangements are stated on page 133 of the Directors' Remuneration Report.
- A M Barnes assumed the role of Interim Chief Executive Officer on 23 June 2025; both her salary, benefits, and annual bonus are prorated. Her remuneration in relation to her prior role as a non-executive director is included in the later table of this report.

Annual incentive

For 2025, corporate performance incentive opportunities were based on the performance measures in the following table.

The table also illustrates performance against each of the measures.

Blueprint performance measure	Weightings for maximum (as % of salary)	Pay out %
Deliver the transformative core technology programme	3.34%	2.50%
Embed behaviours and raise the bar on performance	3.33%	2.50%
Advancing our purpose by delivering our ambitious corporate plan and stretch goals	3.33%	3.33%

Notes

The corporate measures only apply to the Chief Executive Officer, Interim Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. In 2025, the Deputy Chief Executive Officer was responsible for a control function and, therefore, is remunerated on personal objectives only based on a maximum of 20%.

Personal performance for executive directors is out of maximum of 10% (20% for the Deputy CEO, as a control function) and is assessed on personal objectives relating to each executive director's specific role and behaviours. Personal performance achievement for executive directors was in the range of 7.50% to 9.25% (15.60% in respect of the Deputy CEO). Following a thorough risk assessment, as detailed below, no malus or clawback was applied.

Retention award

As reported in 2022, the Remuneration Committee approved a retention award, specifically in relation to the successful delivery of the critical, multi-year core system migration programme, for the Chief Operating Officer, R J Howse. The third instalment of the retention award of £167,243 was made in 2025, based on the successful delivery of specific project milestones and objectives.

The retention award is part of variable pay and is subject to malus and clawback, deferral and delivery in instruments, as determined by the Remuneration Committee.

Pensions and other benefits

A J Greenwood, R J Howse and A M Barnes have opted for a cash allowance in lieu of the Society's pension contribution. R G Fearon and A P Conroy opted to receive pension benefits as part contributions to the defined contribution section of the pension scheme and part cash allowance, in lieu of the Society's pension contribution.

A M Barnes is reimbursed for travel and accommodation in relation to her role as interim CEO, and any tax liability arising from these expenses.

No executive director has the right or opportunity to receive enhanced benefits beyond those already disclosed, and the committee has not exercised its discretion during the year to enhance benefits.

Long term incentive awards made in the financial year

No long-term incentive awards were made in the financial year to executive directors.

Payments for loss of office

Executive directors may be entitled to receive compensation for loss of office. Such payments will be based on the monthly salary and pension contributions that the executive would have received if still in our employment.

There were no payments for loss of office made in the financial year to executive directors.

Remuneration for non-executive directors

Non-executive director fees are set at a level that aligns with market conditions and is sufficient to attract and retain individuals with appropriate knowledge and experience whilst reflecting the level of responsibilities and time commitment required for Board and Board committee meetings.

Non-executive directors receive a basic fee and an additional fee for further duties (for example, Chair of a committee or Senior Independent Director responsibilities).

To ensure compliance with the remuneration policy and to ensure that individuals are not participating in discussions relating to their own remuneration, non-executive director fees are reviewed annually by the Executive Committee, in line with the framework for setting and approving fees agreed by the Board. The Chair's fee is reviewed by the Remuneration Committee (with the

Society Chair recused) and is in line with the remuneration policy, which is to offer fees that are competitive when compared with similar financial services organisations.

Non-executive directors are reimbursed for travel expenses for attending meetings and, where tax liability arises for these travel expenses, this will be covered by the Society.

Non-executive directors receive a basic fee and an additional fee for further duties (for example, Chair of a committee or Senior Independent Director responsibilities).

Non-executive directors	Basic fees (£'000)		Benefits and expenses ¹ (£'000)		Committee chair / other fees (£'000)		Total (£'000)	
	2025	2024	2025	2024	2025	2024	2025	2024
B McCafferty (Chair) ²	161	19	11	5	-	-	172	24
I C A Cornish (Chair) ³	29	174	1	5	-	-	30	179
G J Hoskin (Vice Chair) ⁴	14	58	-	3	7	25	21	86
A M Barnes ⁵	28	58	4	8	10	18	42	84
D Fisher	59	58	1	-	-	-	60	58
N A Fuller ⁶	59	58	5	3	22	18	86	79
A Tadayon	59	58	6	8	-	-	65	66
F Buckley ⁷	59	58	5	3	14	-	78	61
P Rowland ⁸	59	58	6	6	10	-	75	64
Total	527	599	39	41	63	61	629	701

Notes:

- In addition to the payment of fees, non-executive directors are reimbursed for travel expenses for attending meetings and, where tax liability arises, this will be covered by the Society.
- This individual assumed responsibility for Chair of the Board in March 2025.
- This individual left the society in February 2025.
- This individual left the society in March 2025.
- This individual assumed the role of Interim CEO in June 2025 and rescinded her position as a non-executive director. The remuneration stated relates to her time as a non-executive director only.
- This individual became an Interim Senior Independent Director in June 2025.
- This individual assumed the role of Audit committee Chair in April 2025.
- This individual assumed the role of Remuneration Committee Chair in June 2025.

Non-executive directors (including the Chair) received an annual basic fee increase of 3% in April 2025, in line with the senior leadership colleague population.

From 1 April 2026, non-executive director fees will increase by 3% in line with colleague pay. The only exception is the Senior Independent Director fee, which will increase from £7,128 to £10,000, following an extensive market benchmarking exercise. The following fees will apply from this date:

Role	2026 fee
Chair of the Board	£185,954
Senior Independent Director	£10,000
Non-executive director base fee	£61,606

Role	2026 fee
Committee Chair (Audit, Risk, Remuneration)	£19,414

Payments to former directors

A payment of £25,307 has been made in 2025 to P A Hill, the former Chief Executive Officer, who retired on 30 June 2019. A payment of £20,662 has been made in 2025 to R S P Litten, the former Chief Financial Officer, who left the Society on 18 April 2019. The bonus payments consisted of deferred incentive awards, which are assessed in full when they are awarded. All these payments were subject to risk assessment and the committee determined no risk adjustment was required.

Executive directors remuneration changes for 2026 Financial Year

Remuneration element	No change to current policy
Fixed remuneration	
Basic salary	<p>Provides ability to attract and retain executives through market-competitive rates of pay.</p> <p>The basic salaries of executive directors are reviewed each year, as for any other colleague, based on the economic environment, the overall financial position of the Society and in accordance with benchmarking.</p> <p>The only exception is if there is a material increase in scope or responsibility to the executive director's role.</p>
Pension	<p>Based on membership of the Society's defined contribution section of the pension scheme. In appropriate circumstances, for example, where contributions exceed the annual or lifetime allowance, there is an option to receive a monthly cash allowance in lieu of pension contributions.</p> <p>Executive directors appointed before 1 April 2019 receive a range of relevant employer contributions, fully aligned with the colleague population who joined before 1 April 2019, with a maximum contribution of 20% of basic salary, based on age and pensionable service.</p> <p>Executive directors appointed on or after 1 April 2019 receive a maximum contribution, fully aligned with the colleague population who joined after 1 April 2019, of 10% of basic salary.</p>

Remuneration element	No change to current policy
Fixed remuneration	
Benefits	<p>The principal benefits executive directors receive are:</p> <ul style="list-style-type: none"> • Life assurance (up to 4 x basic salary) • Private medical insurance • Group income protection • Health screening • Cash health plan. <p>Other benefits may be provided based on individual circumstances, for example, relocation.</p>

The following table summarises the principal components of the Directors' Remuneration Policy for 2025 and the proposed changes. These changes will be brought forward for members to vote upon, on an advisory basis, at the 2026 AGM.

Remuneration element	Current policy	Proposed policy
Variable remuneration		
Variable Performance Award (VPA)	<p>The 20% maximum is split between:</p> <p>Society performance – 10%</p> <p>Personal performance – 10%.</p> <p>Society performance objectives are agreed by the Remuneration Committee at the start of each year and reflect business priorities.</p> <p>Personal performance objectives, appropriate to the responsibilities of the director, are set at the start of each year and agreed by the Remuneration Committee. From 2025, 50% of the personal performance award is allocated to the demonstration of set behaviours (30% previously) which drive true differentiation, setting out the culture we wish to foster.</p> <p>The 20% maximum for the executive director in a control function is based on a range of personal objectives only, with 50% of the award (30% previously) allocated to the demonstration of behaviours.</p>	<p>The Variable Performance Award will be based on metrics linked to member value, operational excellence, and an executive's personal objectives and behaviours.</p> <p>The metrics, executive objectives, and their relative weighting are agreed by the Remuneration Committee at the start of each year and reflect business priorities.</p> <p>Additionally, any payment under the VPA is subject to the maintenance of a minimum level of personal performance and behaviours, as well as agreed capital and sustainability levels.</p> <p>The plan provides the opportunity for executive directors to earn up to 50% of annual basic salary when target is achieved across metrics, and up to 100% of salary only when significant stretching targets are achieved across all metrics.</p>

Remuneration element	Current policy	Proposed policy
Variable remuneration		
<p>Variable Performance Award (VPA)</p>	<p>Robust risk evaluation measures are independently assessed by the Board Risk committee, with measures for the Deputy Chief Executive Officer assessed by the Chief Executive Officer.</p> <p>For executive directors designated as 'senior managers' under the Senior Manager Regime and over the de minimis, 60% of the bonus will be deferred, over a period of seven years with no vesting until three years after the award is made. 50% of variable remuneration will be delivered in a share-like instrument.</p>	<p>The VPA for an executive director in a control function is not based upon the Society's performance, to ensure independence of this role and prevent any conflict of interest. It is therefore based on a range of personal or functional objectives, and an assessment of behaviours.</p> <p>Executive directors whose remuneration exceeds the Regulators' de minimis threshold, will be subject to the Regulators' deferral, retention, payment in instruments, plus malus and clawback requirements.</p> <p>In cases where an executive director's remuneration does not exceed the de minimis threshold, the Society's voluntary deferral scheme applies. Under this scheme, 50% of variable remuneration is deferred for two years with prorated vesting. The voluntary deferral scheme applies to VPA awards that exceed £10,000.</p> <p>The committee may choose to apply a suitable level of interest rate to the deferred element of the VPA, where it is deemed appropriate.</p> <p>The Remuneration Committee retains full discretion, and retention award payments to executive directors are not guaranteed.</p>
<p>Retention awards</p>	<p>Such awards will only be made in exceptional circumstances. The monetary value of the award will be defined at grant, and vesting of awards will be tied to the completion of a defined period of service and the satisfactory completion of a specific project or other multi-task deliverable.</p> <p>Retention awards can be made in conjunction with the annual bonus, up to a maximum of 100% of fixed pay. All retention awards for material risk takers are subject to the approval of the Remuneration Committee.</p>	<p>Such awards will only be made in exceptional circumstances. The monetary value of the award will be defined at grant, and vesting of awards will be tied to the completion of a defined period of service or the satisfactory completion of a specific project or other multi-task deliverable.</p> <p>Retention awards are made in addition to the annual VPA and are excluded from the 100% of fixed pay maximum. All retention awards for executive directors are subject to the approval of the Remuneration Committee.</p>

Remuneration element	Current policy	Proposed policy
Variable remuneration		
Retention awards	Retention awards are part of variable pay and may be subject to malus and clawback, deferral and delivery in instruments, as determined by the Remuneration Committee.	<p>Retention awards are part of variable pay and, where remuneration exceeds the Regulators' de minimis threshold, they will be subject to the Regulators' requirements on malus and clawback, deferral, and delivery in instruments.</p> <p>In cases where an executive director's remuneration does not exceed the de minimis threshold, the Society's voluntary deferral scheme applies. Under this scheme, 50% of variable remuneration is deferred for two years with prorated vesting. The voluntary deferral scheme applies to retention awards that exceed £10,000.</p> <p>The committee may choose to apply a suitable level of interest rate to the deferred element of the retention award, where it is deemed appropriate.</p> <p>The Remuneration Committee retains full discretion, and retention award payments to executive directors are not guaranteed.</p>

The Remuneration Committee may apply discretion at any point to reduce variable pay awards in whole or part using malus or clawback. Malus is a reduction factor which is applied to variable pay payments which have not yet vested, and clawback is applied to seek recovery of variable pay payments already paid.

Awards under different scenarios for 2026

The Annual Report and Accounts, page 143, details the split between fixed pay and variable pay under the variable pay agreements, excluding the Chief Operating Officer's retention award, for each executive director under different scenarios. At 1 April 2026, the Chief Financial Officer role will continue to be covered by an internal interim appointment who is not a member of the Board. A permanent external CFO is expected to join in May 2026. Accordingly, the CFO position has been removed from the forward-looking remuneration charts and tables.

Reward risk management and governance in 2026

In 2026, the Society will continue to operate its reward framework within robust governance and risk management arrangements designed to promote sound and effective risk management in a way which is proportionate to the Society's size, complexity and risk profile. The Society will continue to monitor regulatory and governance developments and, where required, will seek advice and guidance from external remuneration consultants to ensure its reward arrangements remain compliant, competitive and aligned with the long term interests of members.