



OSB GROUP PLC (the “Company”)

Group Remuneration and People Committee (“the Committee”)

Terms of Reference

Approved by the Board of Directors of OSB Group plc (the “Board”) on 29 April 2025, to take effect from 1 May 2025.

1. PURPOSE

- 1.1 The purpose of the Committee is to advise and make recommendations to the Board on the overarching principles and parameters of remuneration and people-related policies across the Group that are aligned with the business strategy and objectives, risk appetite, values, culture (to deliver good customer outcomes) and long term interests of the Company and its subsidiaries (the Group), recognising the interests of all stakeholders and taking into account applicable laws, regulations and principles of good practice.
- 1.2 Ensuring that the Group adheres to best practice in relation to corporate governance in a manner that is proportionate to the size and complexity of the Group and is in line with the UK Corporate Governance Code (the CG Code), the requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

2. AUTHORITY

- 2.1 This Committee is a committee of the Board from which it derives its authority and to which it regularly reports¹.
- 2.2 The Committee may sub-delegate all or any of its responsibilities as it sees fit, including delegating authority to the Chair or any other member.
- 2.3 The Committee is concerned with the business of the OSB Group plc and its subsidiaries (“OSB Group”) within the scope of its Terms of Reference and has the authority to obtain such information as it may require from any Director, officer or employee of the OSB Group.

3. CONSTITUTION

3.1 Members

- 3.1.1 The Committee shall be made up of at least three independent Non-Executive Directors² of the Group and all Committee members will be independent Non-Executive Directors of the Group. The Chair of the Board may also serve on the Committee as an additional member, but not as its Chair, if they were considered independent on appointment as Chair.
- 3.1.2 Members of the Committee shall be appointed by the Board on the recommendation of the Group Nomination and Governance Committee in consultation with the Chair of the Committee.
- 3.1.3 Appointments to the Committee shall be for a period of up to three years, which at the discretion of the Group Nomination and Governance Committee, may be extended for two further three-year periods, subject to members continuing to meet the criteria for membership.

3.2 Chair

- 3.2.1 The Board shall appoint the Chair of the Committee on the recommendation of the Group Nominations and Governance Committee who shall be an independent Non-Executive Director and have served on

¹ The Committee has delegated authority from the Board to undertake the role and responsibilities prescribed in these terms of reference.

² Independent Non-Executive Director (“INED”) has the meaning set out in section 4 of the OSB Group plc Corporate Governance Framework

a remuneration committee of a UK listed company for at least 12 months prior to appointment.

- 3.2.2 In the absence of the Committee Chair, or in situations where the Committee Chair is precluded from chairing a meeting due to a conflict of interest, the remaining members present shall elect one of themselves to chair the meeting.

3.3 Attendees

- 3.3.1 Only the members of the Committee have the right to attend Committee meetings, but the other Directors are entitled to observe any meetings at their discretion. However, other individuals such as other Board Directors, the Chief Executive Officer, the Chief Financial Officer, the Chief People Officer, the Group People Director, the Head of Reward, Group General Counsel and Company Secretary and external advisers may be invited to attend for all or part of any meeting as and when appropriate. No person will be in attendance when matters concerning their own remuneration or fees are discussed.
- 3.3.2 The Committee Chair retains the discretion to invite any other individual to attend for all or part of any meeting as a presenter or observe (subject to any conflicts of interest).

4. RESPONSIBILITIES

In all instances, no Director or senior manager shall be involved in any decisions as to their own remuneration. For the avoidance of doubt, Non-Executive Director remuneration shall be determined by the Executive Directors and Chair of the Board in accordance with the Company's Articles of Association.

The responsibilities of the Committee are to:

4.1 Remuneration Policy

- 4.1.1. Review and recommend for Board approval the Group's remuneration policy and review the ongoing appropriateness and relevance of the policy. The policy shall set out the overarching objectives, principles and parameters of the remuneration practices to be operated by the Group, including the Group's:
- 4.1.1.1 risk appetite and risk management policy to ensure sound and effective risk management.
 - 4.1.1.2 business strategy and objectives; and
 - 4.1.1.3 corporate culture, values and long-term interests (including long-term strategic goals).
- 4.1.2 Oversee the Group Annual Discretionary Bonus and Salary Increase Policy.
- 4.1.3 Review workforce remuneration and related implementation policies and the alignment of incentives and rewards with culture and note annually the remuneration trends across the Group, including Diversity, Equity and Inclusion principles (including but not limited to gender, ethnic and social backgrounds) and Environmental, Social and Governance (ESG) metrics.

4.2 Executive Director Remuneration Policy

- 4.2.1 Determine and recommend for Board approval, the remuneration policy for the Executive Directors, including pension rights and any compensation payments, with due regard to the Group's strategy, long-term sustainable success, the views of shareholders and other relevant stakeholders. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders (the Retention Objective). In determining the remuneration policy for the Executive Directors, the Committee should consider:
- 4.2.1.1 the Group's risk appetite and risk management strategy, aligning remuneration to the Group's risk policies and systems and long-term strategic goals;
 - 4.2.1.2 an appropriate proportion of remuneration should be linked to corporate and individual performance and the successful delivery of the Company's long-term strategy, to promote the long-term sustainable success of the Group;

- 4.2.1.3 pay and employment conditions across the Group;
- 4.2.1.4 the purpose and values of the Group, together, the 'Core Factors'.
- 4.2.1.5 the requirements under the CG Code including the factors set out in provision 40; and
- 4.2.1.6 all other factors which the Committee deems necessary (including legal, regulatory compliance, the requirement to provide details publicly in the Annual Report, and other relevant guidance).

4.2.2 Approve the Executive Director and Group Executive Committee Remuneration Policy.

4.3 Material Risk Taker Remuneration Policy

4.3.1 Review and recommend for Board approval the remuneration policy for the Material Risk Takers³ including pension rights and any compensation payments, with due regard to the Group's strategy, long-term sustainable success, the views of shareholders and other relevant stakeholders and the Retention Objective.

4.4 Remuneration Packages

4.4.1 Review and approve, in line with the Group Remuneration Policy and in consultation with the Chair of the Board, the Chairs of the Group Audit and Risk Committees and/or Chief Executive Officer, as appropriate, the total individual remuneration package of the Chair, each Executive Director, the Company Secretary and other designated senior executives⁴ including bonuses, any other incentive payments and share-based awards. The Committee should consider the choice of financial, non-financial and strategic measures and exercise independent judgement and discretion when determining remuneration awards, taking account of Group and individual performance and wider circumstances including scrutinising the performance of senior executives against agreed performance objectives.

4.5 Exemptions

4.5.1 Review and approve any material exemptions to the remuneration policies for individual employees.

4.6 Benchmarking and Remuneration Consultants

4.6.1 To help it to fulfil its obligations and enable it to judge where to position the Company relative to other companies, have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, at the expense of the Company (but within any budgetary restraints imposed by the board) but the Committee should avoid designing pay structures based solely on benchmarking to the market or the advice of remuneration consultants; and

4.6.2 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of appointment for any remuneration consultants who advise the Committee.

4.7 Performance-related pay

4.7.1 Determine targets for any performance-related pay schemes operated by the Group. In so doing, the Committee will take advice from:

4.7.1.1 the Chair of the Group Risk Committee (who shall ensure that awards reflect the Group's risk appetite and profile and considers current and potential future risks); and

4.7.1.2 the Chief Financial Officer (who shall confirm that any variable pay takes account of the cost and quality of capital, and the liquidity required);⁵

and ensure the schemes allow for formulaic performance-related pay outcomes to be overridden and for payments made under the Schemes to be recovered and/or withheld when appropriate.

4.7.2 Approve the total annual payments to be made (both forward looking and in respect of annual

³ employees who are identified as Material Risk Takers for the purposes of the Prudential Regulation Authority's Remuneration Code and the Qualitative and Quantitative Criteria within the European Banking Authority (EBA) Regulatory Technical Standards (RTS)

⁴ Designated senior executives include all members of the Group Executive Committee and any other senior employees in independent control functions.

⁵ including confirmation that the calculations of the variable remuneration elements are based on appropriate measures of profit.

outcomes) under such schemes considering the Board's overall assessment of the Group's annual performance.

- 4.7.3 Review and recommend for Board and/or shareholder approval the design, introduction or any material changes to all share incentive plans. For any such approved plans, and subject to the Chair of the Group Risk Committee endorsement, where appropriate, determine and approve each year whether awards will be made, and if so:

4.7.2.1 the overall amount of such awards;

4.7.2.2 the individual awards to Executive Directors and other senior executive management; and

4.7.2.3 the performance targets to be used.

- 4.7.4 Approve the exercise of employees' options (or other awards) and the issue of shares under the Company's employee share plans.

4.8 Executive Directors

- 4.8.1 Determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executive management considering the Group Remuneration Policy.

- 4.8.2 Establish remuneration schemes that promote long-term shareholding by Executive Directors that support the alignment with long-term shareholder interests; and approve a shareholding policy which encourages continued shareholding during employment

4.9 Termination Payment Review

- 4.9.1 Oversee the contractual termination rights of Executive Directors, senior executives⁶, the Company Secretary and Material Risk Takers, ensuring that any payments are fair for both the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

4.10 Material Risk Taker List

- 4.10.1 Oversee the maintenance of the Material Risk Takers list.

4.11 Annual Review

- 4.11.1 Review the adequacy and effectiveness of the Directors' Remuneration Policy to ensure that it supports sound and effective risk management, and the appropriateness of any variable remuneration included in overall compensation.

- 4.11.2 Ensure that the implementation of the Director's Remuneration Policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the Committee.

4.12 Changes to Benefits Structures

- 4.12.1 Oversee any major changes in remuneration and employee benefits structures throughout the Group.

4.13 Disclosure Requirements

- 4.13.1 Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.

4.14 People Matters

- 4.14.1 Provide oversight of people matters within the Group (in conjunction with the Group Nomination and Governance Committee) including the targets set by the Women in Finance Charter, Gender Pay Gap reporting, Culture, updates from Employee Workforce Forum (OurVoice) and outputs from surveys relating to employee engagement.

⁶ Being members the Group Executive Committee

4.15 Diversity, Equity and Inclusion

- 4.15.1 Review and approve the Diversity, Equity and Inclusion Policy.
- 4.15.2 Oversee the Group's Diversity, Equity and Inclusion strategy, including reviewing appropriate data.
- 4.15.3 Ensure that the Group's Diversity, Equity and Inclusion strategy is considered in discussions and decisions made by the Committee.

4.16 Share approval

- 4.16.1 Produce a report annually to shareholders on matters in relation to executive remuneration that shall include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the Code, the UK Listing Rules (as published by the Financial Conduct Authority) (UKLR) and any other relevant statutory, regulatory or governance codes and incorporate:

- 4.16.1.1 an annual statement by the Committee Chair and annual report on directors' remuneration (together, annual remuneration report); and

- 4.16.1.2 the directors' remuneration policy when it must be submitted for approval (directors remuneration policy) and, in any other case, either the directors' remuneration policy, a summary of such policy or details of when the directors' remuneration policy was approved and where it can be found on the Company's website.

- 4.16.2 Submit the directors' remuneration policy for approval on a binding basis by the board and shareholders (i) every three years; (ii) in any year in which there is a change to that policy; (iii) if shareholder approval was not obtained when last submitted and (iv) if majority shareholder approval was not achieved in the last submitted annual remuneration report.
- 4.16.3 Submit the annual remuneration report for approval on an advisory basis by the board and shareholders at the annual general meeting each year.

4.17 Other matters

- 4.17.1 Keep abreast of external remuneration trends and market conditions including receiving regular presentations from its external remuneration consultants.

5. MEETING PROCEEDINGS

5.1 Quorum

- 5.1.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which the quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.1.2 Meetings of the Committee may be held by telephone or by any other means whereby the participants are able to communicate effectively with each other.

5.2 Secretary

- 5.2.1 The Committee Secretary shall be a member of the Group Governance Office as agreed with the Committee Chair.

5.3 Minutes

- 5.3.1 The Committee Secretary shall minute the proceedings of Committee meetings, which shall be circulated promptly to all members of the Committee, once agreed by the Committee Chair (subject to any actual or potential conflicts of interest restricting such circulation).

5.4 Notice and frequency of meetings

- 5.4.1 The Committee shall meet at least three times a year at appropriate times as determined by the Committee Chair and otherwise as required.
- 5.4.2 Meetings of the Committee shall be convened by the Committee Secretary at the request of the Committee Chair or any of the Committee's members.
- 5.4.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and, as appropriate, any other person required to attend, not later than five business days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6 ADVICE

- 6.1 The Committee is authorised to obtain any information it requires from any employee of OSB Group plc in order to perform its duties and, at the Company's expense, obtain external legal or other professional advice (including advice from external remuneration firms) on any matter within its Terms of Reference. The Committee is also authorised to select and set out the terms of appointment for any external advisers to the Committee.

7 GENERAL MATTERS

7.1 The Committee shall:

- 7.1.1 Have access to sufficient resources to carry out its duties, including access to external advisers and the Group Governance Office for assistance as required, and shall ensure the proper involvement of such functions as are necessary to ensure that the Committee is appropriately advised.
- 7.1.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 7.1.3 Give due consideration to relevant legislation, regulation, best practice guidance, industry practice and development trends affecting issues within the Committee's remit.
- 7.1.4 Oversee any investigation of activities which are within its Terms of Reference.
- 7.1.5 Ensure a periodic evaluation of the Committee's own performance is carried out.
- 7.1.6 Promote the success of the OSB Group for the benefits of its shareholders, whilst having due regard to its wider stakeholder group (including employees, regulators, communities, customers and suppliers) as set out in the Companies Act 2006. During its deliberations, the Committee shall consider the long-term consequences of its decisions, and the need to act to deliver good customer outcomes, foster good relationships, demonstrate acts of fairness, maintain a reputation of high standards of business conduct and mindfulness of environmental impacts.
- 7.1.7 Work and liaise as necessary with all committees of the Board. Where there is a perceived overlap of responsibilities, the respective committee chairs shall have the discretion to determine the most appropriate committee to fulfil the obligation.

8 REPORTING RESPONSIBILITIES

- 8.1 The Committee Chair (or their elected nominee) shall report to the Board on the Committee's proceedings after each meeting.
- 8.2 The Committee shall where appropriate make recommendations to the Board on any area within its remit.

9. CHANGES TO THE TERMS OF REFERENCE

- 9.1 These Terms of Reference shall be reviewed periodically by the Committee and any proposed amendments **will be recommended to the Board for approval.**