

SCOTTISH MIDLAND CO-OPERATIVE SOCIETY LIMITED

ELECTED MEMBERS AND DIRECTORS' REMUNERATION POLICY

1. Purpose

Under Scottish Midland Co-operative Society Limited's (Scotmid) governance structure, Scotmid members can be elected to serve on one of our three Regional Committees and on our Board. The purpose of this policy is to set out Scotmid's approach to elected members remuneration. The current policy was put in place in 2021 for a period of 3 years and was extended for a further 2 years in 2024.

A new policy is required to be put in place for 2026 onwards. This policy will be reviewed by the Remuneration Committee and the Board. The Board will then propose, on the recommendation of the Remuneration Committee, that the members approve the policy at AGM 2026.

2. Scope

The policy applies to all elected members in office on, or after, the annual review date (defined as 1st October). The policy covers annual remuneration (fixed fee), delegation fees, and attendance payments, and is based on the eligibility conditions being met by the individual.

3. Scotmid Remuneration Principles

Scotmid is committed to:

- Promoting equality and diversity in its policies, procedures and guidelines.
- Ensuring elected members are protected from unlawful direct or indirect discrimination resulting from a protected characteristic (e.g. age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation).

4. Start date of policy

The policy will commence on 29 April 2026.

5. End date of policy

The policy will be in place for 3 years, covering the annual reviews in 2026, 2027 and 2028. The policy will next be reviewed and brought back to the members for approval at AGM 2029.

6. Governance

The Co-operative Governance code offers a set of principles that all co-operatives can reflect upon and use to encourage and enable good governance practice. The Code includes a section outlining remuneration of the Board and executive leadership principles. These include the requirement that:

- Members of the co-operative have responsibility for approving the levels of remuneration of all directors and should do so using independent judgement and discretion.
- No director should determine their own remuneration.

Scotmid adheres to all relevant provisions of the Code in governing the remuneration of its members.

7. Elected Members Remuneration

Scotmid aims to provide a competitive reward package to elected members that reflects the importance and responsibility of the role.

There are 3 elements of reward covered by this policy, each of which is reviewed on an annual basis:

- **Fixed fee (Principal Fees)** – a sum determined and applicable to different roles depending on the level of responsibility.
- **Delegation fee** – a sum payable when an elected member represents Scotmid at a business or co-operative movement event (full day/part day).
- **Attendance fee** – a sum payable when an elected member attends training or represents Scotmid at a membership or community event.

8. Process

- Each year the Remuneration Committee will receive information from the Independent Remuneration Adviser which allows them to determine the level of increase, if any, to be applied to elected members fees. This includes information on inflation and other market information including benchmarking data from other retail co-operative societies.
- The prevailing CPI level at the time of the Remuneration Committee meeting will be used as the basis for determining any increase to fixed and attendance-based fees. The Remuneration Committee will use the CPI figure as the maximum rate of increase permissible under the policy. However, they have the discretion to recommend an increase anywhere between 0% and the prevailing CPI rate, if they believe this to be more appropriate.
- The Remuneration Committee's recommendations need to be approved by the Board. Once approved, the new rates will take effect from 1 September each year. Members will be asked to note the rates at the next scheduled members' meeting.

9. Monitoring Compliance and Effectiveness of this Policy

Compliance with this policy will be monitored by Society Secretariat. The Board will oversee the application of this policy, via the Remuneration Committee.

10. Consultation

This policy has been developed with external independent support. The policy is submitted for approval by Members.