

Chris Cummings
Chief Executive Officer
Investment Association
Camomile Court
23 Camomile Street
London, EC3A 7LL

5th February 2020

Dear Mr. Cummings

TSB – Debbie Crosbie’s Pension Allowance

TBU is the largest independent trade union representing staff in TSB.

TSB appointed Mrs Debbie Crosbie to be its next Chief Executive on 1 May 2019. Mrs Crosbie was replacing Mr Paul Pester who left the bank following its ill-fated IT migration. TSB’s latest Report and Accounts show that Mrs Crosbie received fixed pay of £633,333 for the period 1 May to 31 December 2019. Mrs Crosbie also received a pension allowance of £122,115 or 17.7% of her basic salary.

The Investment Association has said that it will highlight companies who pay pension contributions to executive directors at rates above the majority of the workforce. Andrew Dixon, Director of Stewardship and Corporate Governance at the Investment Association said:

“The IA’s Remuneration Principles set out shareholder expectations on executive pension contributions and our members have been clear this is an issue of fairness and pension contributions should be aligned with the majority of the workforce. The new IVIS approach reflects our members’ view that newly appointed directors should receive a pension contribution equal to that of the majority of the workforce. IVIS will highlight those companies that pay higher pension contributions to newly appointed directors”.

TSB staff are in a defined contribution pension scheme. The bank makes contributions of between 8% and 13%. The vast majority of staff get employer contributions of either 8% or 10%; significantly less than the 17.7% awarded to Mrs. Crosbie. Mrs Alison Rose was awarded a pension allowance of 10% when she was appointed Chief Executive of the Royal Bank of Scotland on 1 November 2019.

We appreciate that TSB is a wholly owned subsidiary of Banco Sabadell. However, given the TSB Board's decision to ignore the IA remuneration principles when setting the pension allowance for the new Chief Executive, which we warned them about, we would urge you to at least 'amber top' TSB and, more importantly, to tell your members to oppose the Banco Sabadell Remuneration Report when it's presented to shareholders at the Annual General Meeting.

I would welcome your comments on this issue.

A copy of my letter and your response will be shared with members of the Treasury Select Committee in due course.

Yours sincerely

Mark V Brown
General Secretary