

Pay 2008 - Survey Results

Unite members have voted to accept HBOS' final offer on Pay 2008.

In a poor turnout, 52% of those who responded, voted to accept the Company's pay proposals as follows:

- 3.5% pay pot with an additional 0.3% to meet the extra costs for bullet points 2 and 3
- Following application of the pay pot, a move to 90% of the grade salary guide for all effective performers in levels 1 and 2.
- Minimum salary to be set at 90% of salary guides within levels 1 and 2
- Introduction of a pay matrix approach to pay rises for Levels 1 & 2 in all divisions
- For colleagues in level 3 a move to 90% of the level minimum, after the pay pot application, for effective performances
- The introduction of a pension saving scheme through salary sacrifice from June 08
- 1% guaranteed minimum increase for colleagues for those members who have opted to contribute to the BOS 1976 final salary pension scheme
- Enhanced bonus outcomes for approximately 25,000 colleagues whose bonus would otherwise have been adversely impacted by some of the exceptional market conditions in 2007.
- Irrespective of HBOS performance, the Company will make a free share grant offer to colleagues in 2008 of 3.5%

Whilst the result is in favour of accepting the Company's final offer, Unite has listened to members who have expressed their real concern at the confusing messages that have been given regarding the the 2008 pay proposals.

Many members have told us that many of the written and verbal communications left them with the impression that the pay deal had been agreed by the unions which left the purpose of the survey unimportant.

On accepting this pay offer, Unite has made it clear that this does not set a precedent for accepting below inflation pay deals in the future and that we will continue to campaign to achieve above inflation rises for all members.

On initial analysis of the survey, its clear that Unite members believe we need to think more about the emphasis placed on Total Reward as it is currently not viewed in a very a positive light (eg. due to many colleagues suffering a reduction in bonus payments as well as the substantial fall in price of HBOS shares which impacts the various share based schemes.)

Unite are therefore seeking to open discussions with the Company on a review the Total Reward proposition, particularly in relation to base and variable pay.

Further detailed analysis will be undertaken of the survey results and the next edition of our Connections publication will highlight Unite's ongoing strategy on fair pay for all.