

## **terms of reference - remuneration committee**

### **1. constitution**

- 1.1 The remuneration committee is constituted as a committee of the board of the Financial Ombudsman Service Limited.
- 1.2 The committee's terms of reference may be amended at any time by the board.

### **2. authority**

The committee is authorised by the board to:

- 2.1 Undertake business within its terms of reference.
- 2.2 Seek any information it requires from any employee (all employees are directed to co-operate with any request made by the committee).
- 2.3 Obtain external legal or other professional advice.
- 2.4 Secure the attendance of anyone it considers has relevant experience, expertise or knowledge.

### **3. membership**

- 3.1 The committee shall be appointed by the nomination committee from amongst the board membership and shall consist of not less than three members.
- 3.2 The chair of the board shall not chair the committee.
- 3.3 In the absence of the committee chair, the remaining members present shall elect one of their number to chair the meeting.
- 3.4 Appointments to the committee shall be for the duration of a member's Board term, subject to periodic review, for example, when vacancies on the committee arise.
- 3.5 The board secretary shall provide secretariat support to the committee.

### **4. meetings**

- 4.1 The committee shall meet at key points in the year, and on average will have two to three meetings per year.
- 4.2 Meetings of the committee shall be arranged by the secretary at the request of the chair.

- 4.3 The quorum necessary for the transaction of the business of the committee shall be at least two committee members.
- 4.4 Other board members, senior management staff or independent advisers may attend meetings at the committee's invitation.
- 4.5 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and the supporting papers, shall be forwarded to each member of the committee and any other person required to attend, no later than five working days before the date of the meeting.

## **5. minutes of meetings**

- 5.1 The board secretary shall minute the proceedings and decisions of all committee meetings, including the names of those present.
- 5.2 The chair will provide an oral update on remuneration committee business at the next board meeting and minutes will be shared, once approved.

## **6. responsibilities**

The committee shall:

- 6.1 Oversee the remuneration strategy for the executive and other senior roles within the service, and support the chief executive/chief ombudsman in reviewing overall executive performance.
- 6.2 Consider proposals from the chief executive/chief ombudsman about the remuneration of the executive team (no member of the executive shall be involved in any decision about their own remuneration).
- 6.3 Consider proposals from the chair of the board on the remuneration of the chief executive/chief ombudsman (the chief executive/chief ombudsman shall not be involved in any decision about their own remuneration).
- 6.4 Consider executive development and succession planning, taking into account:
- the views of board members and the chief executive/chief ombudsman;
  - the challenges and opportunities facing the service; and
  - the skills and expertise required in the future.

- 6.5 Consider proposals regarding overall remuneration across the service, ensuring in the case of ombudsmen, that the remuneration terms are consistent with their independence.
- 6.6 In considering these recommendations, the committee shall have regard to:
- the service's key commitments and performance against them;
  - the individual's objectives and performance against them; and
  - any other factors which it deems necessary, including internal and external comparative information and data and information supplied by external parties.
- 6.7 Consider proposals about any major changes to the employee benefit or reward structure.
- 6.8 In considering these recommendations, the committee shall have regard to the service's commitments to equality, diversity and inclusion.