

Remuneration and People Committee – Terms of Reference

1. Constitution

1.1. The Remuneration and People Committee is constituted as a committee of the Board of the Financial Ombudsman Service Limited.

1.2. The committee's terms of reference (ToR) 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 ToR.

2.2. Seek any information it requires from any employee (all employees are directed to cooperate 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 chairman of the Board shall not chair the committee.

3.3. In the absence of the committee chairman, the remaining members present shall elect one of their number to chair the meeting.

3.4. The Board secretary shall provide secretariat support to the committee.

4. Meetings

4.1. Meetings shall be held at least three times a year at appropriate times in line with the cycle of the regular business it considers, and as otherwise required.

4.2. The quorum necessary for the transaction of the business of the committee shall be at least two committee members.

4.3. Only members of the committee have the right to attend committee meetings. Other individuals, including other Board, executive and staff members, may be invited to attend all or part of any meeting as and when appropriate.

4.4. 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. Where possible, the minutes shall be prepared for the chair's review within five working days of the meeting.

5.3. The chairman will provide an oral update on Remuneration and People Committee business at the next Board meeting and minutes will be shared, once approved.

6. Responsibilities

The committee shall:

6.1. Agree the remuneration strategy for the Service, ensuring it:

- is consistent with the Service's commitments to equality, diversity and inclusion;
- promotes the long-term sustainability and success of the Service;
- is consistent with the Service's culture, purpose and values; and
- mitigates against the key people risks.

6.2. Consider proposals from the Chief Executive and Chief Ombudsman on 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 chairman of the Board on the remuneration of the Chief Executive and Chief Ombudsman (the Chief Executive and Chief Ombudsman shall not be involved in any decision about their own remuneration).

In considering these proposals, the committee shall have regard to:

- the Service's commitments to equality, diversity and inclusion;
- the Service's strategic objectives 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.

6.4. Consider proposals regarding overall remuneration across the Service, ensuring in the case of ombudsmen, that the remuneration terms are consistent with their independence.

In considering these proposals, the committee shall have regard to:

- the Service's commitments to equality, diversity and inclusion;
- the Service's strategic 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.

6.5. Consider proposals about any major changes to the employee benefit or reward structure.

6.6. Consider executive development and succession planning, taking into account:

- the Service's commitments to equality, diversity and inclusion;
- the views of Board members and the Chief Executive and Chief Ombudsman;
- the challenges and opportunities facing the Service; and
- the skills and expertise required in the future.

6.7. Consider proposals about any major changes to people policies or for substantive new people policies.

6.8. Undertake periodic reviews of staff engagement and wider people matters, including recruitment and retention, and consider action plans to address any areas of concern.

7. Approval and reporting procedures

The committee shall:

- 7.1. Make recommendations to the Board on matters requiring Board approval.
- 7.2. Make recommendations to the Board on any area within its remit where action or improvement is needed.
- 7.3. Produce an annual report on its activities for submission to the Board and for inclusion in the Directors' annual report.

8. Other matters

The committee shall:

- 8.1. Have access to sufficient resources to carry out its duties, including access to the company and Board secretariat for assistance, as required.
- 8.2. Receive appropriate and timely training, both in the form of an induction programme for new members, and on an ongoing basis for all members.
- 8.3. Oversee any investigation of activities which are within its ToR.
- 8.4. Review its performance, constitution and ToR periodically (at least annually), and put forward any changes to its ToR to the Board for approval.