

CAA REMUNERATION COMMITTEE

TERMS OF REFERENCE



1. CONSTITUTION

The Board of the Civil Aviation Authority has established a Committee of the Board to be known as the Remuneration Committee (RemCo).

2. MEMBERSHIP

The Committee shall comprise only Non-Executive Members of the CAA, and shall consist of not less than three members including the Chairman of RemCo. A quorum shall be two members.

3. ATTENDANCE

The Chair of the CAA shall normally be in attendance. The Chief Executive (CE) may attend by invitation. Neither shall be present when any matter affecting that person directly is under consideration. The Head of Human Resources shall assist the RemCo and act as Secretary.

4. LEGAL FRAMEWORK

The provisions relating to the remuneration of Members are set out in the Civil Aviation Act 1982, as amended.

Under this legislation:

- a) The CAA shall make such provision for reward to each Non-Executive Member as the Secretary of State may determine.
- b) The CAA Non-Executive Members determine the terms and conditions, including remuneration and the payment of pensions, for the Chief Executive.
- c) The CE and at least one other Non-Executive Member determine the terms and conditions, including remuneration and the payment of pensions, for the other Executive Members.

5. PURPOSE AND DUTIES

The overall purpose of RemCo is to agree, and assess performance against, objectives for the Chair, Chief Executive and other Executive Members, and agree reward for the Chief Executive and other Executive Members in light of their performance against the objectives. Note: The Nominations Committee will be responsible for appointments; and working with the RemCo, for setting initial reward packages for the Chief Executive and other Executive Members.

Setting its work within the context of the values of the CAA, as set by the CAA Board, the specific functions of the RemCo are to:

- i. Alongside the objectives given from time to time to the CAA Chair by the Secretary of State, **agree internal CAA objectives for the Chair and assess performance**, including reporting to the DfT and providing periodic feedback to the Chair, as appropriate.

- ii. In discussion with the CAA Chair, **agree objectives for the Chief Executive, assess performance**, on recommendation from the Chair, **and agree appropriate reward**.
- iii. On recommendations from the Chief Executive, **agree objectives for the Executive Members, assess performance and agree appropriate reward**.
- iv. **Monitor** against the policies on reward adopted by the Board, the **level and structure of total reward** for senior managers (defined as other Executive Members and their direct reports)
- v. Approve the policy covering the **involvement** of Chief Executive and other Executive Members with, **and the treatment of fees arising from, any outside appointment** offered to them.
- vi. Approve the **policy for authorising claims for expenses** for Board Members.
- vii. Ensure appropriate safeguards are in place to **address real or perceived conflicts of interest** in respect of the Chair, Chief Executive and other Executive Members on appointment, during appointment and on departure.
- viii. Liaise with and provide advice to the Audit Committee to ensure that the total reward for Executive Members is reported appropriately.

In conducting its functions effectively, RemCo may make such consultations as it considers appropriate, including the appointment of, and determination of Terms of Reference for, any professional reward consultants.

The RemCo shall not be responsible for consideration of, or making recommendations concerning, the remuneration of Non-Executive Board Members, which shall be determined by the DfT on recommendations by the Chair.

6. FREQUENCY OF MEETINGS

The Committee shall meet at least three times a year, scheduling meetings around the annual cycle of business so to allow the Committee to fulfil its remit as effectively as possible.

In addition the Committee will meet as required to discuss any issues relating to its remit.

7. REPORTING PROCEDURES

Minutes of the Committee will be circulated to RemCo members, the CAA Chair, where in attendance the Chief Executive, and the Board Secretary.

Key issues will be reported to the Board.

1 February 2013