



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). At all times REMCO will strive to comply with the Combined Code, or explain why not.

2. Membership

The Committee shall comprise only Non-Executive Directors 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. Authority

The provisions relating to the appointment and remuneration of Members are currently set out in Schedule 1 to the Civil Aviation Act 1982. Under the current legislation:

- The Secretary of State is responsible for the appointment of Members of the CAA.
- The CAA shall make such provision for reward to each Member as the Secretary of State may determine with the consent of the Treasury.

Discussion between the CAA and DfT is in train to review this aspect of the statutory framework and to consider giving the CAA Board powers to determine the appointment and reward of Members. Should these changes occur, these TOR would be reviewed to reflect the changes.

5. Functions

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

- i. Provide oversight of CAA's broad policies on **reward, performance, retention, termination and pension** matters, developed by the CE for approval by the Board.
- ii. **Monitor** against those agreed broad policies:



- a. The **level and structure of total reward** for senior managers (defined as Executive Directors and their direct reports); and
 - b. The application of those policies across the CAA to ensure **transparency, fairness and consistency**.
- iii. In conjunction with the DfT, **agree objectives for the Chair and assess performance**, including reporting to the DfT and providing periodic feedback to the Chair, as appropriate.
 - iv. In discussion with the CAA Chair, **agree objectives for the Chief Executive, assess performance**, on recommendation from the Chair, **and recommend appropriate reward** to the DfT.
 - v. On recommendations from the Chief Executive, **endorse objectives for the Executive Directors, assess performance and recommend appropriate reward** to the DfT.

In the case of the Finance Director, on recommendations from the Chief Executive, endorse objectives and consider performance.
 - vi. Provide advice to the Chair in relation to the **skills and experience requirements for new Non Executive and Executive Directors, in the context of the development of the CAA Board**.
 - vii. Ensure that the Chief Executive has in place appropriate **succession planning for key CAA roles**.
 - viii. Ensure that reporting obligations are met including **accurate reporting of all forms of reward for the Chair and Executive Directors** in the Annual Report and Accounts.
 - ix. Approve the policy covering the **involvement** of the Chair, Chief Executive and other Executive Directors with, **and the treatment of fees arising from, any outside appointment** offered to them
 - x. Approve the **policy for authorising claims for expenses** for the Chair and Chief Executive, and other Executive Directors.
 - xi. Ensure appropriate safeguards are in place to **address real or perceived conflicts of interest** in respect of the Chair, Chief Executive and other Executive Directors on appointment, during appointment and on departure.

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 Remuneration Committee 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 fulfill 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.

The Committee will ensure that reporting obligations are met as per 5. viii. above.

23 October 2009