

NOMINATIONS AND REMUNERATION COMMITTEE (NRC)

TERMS OF REFERENCE

1. PURPOSE

The Nominations & Remuneration Committee ('NRC') oversees appointment and remuneration matters for the CII Group on behalf of the Board. This includes arrangements for the nomination and appointment of CII Board and Committee members, oversight of the governance process for appointment to the Board of subsidiary undertakings, and members of the Executive Leadership Team, and their remuneration, as well as oversight of the CII Group's overall remuneration and staff benefits framework, People Plan and budget, and the monitoring of the impact of the CII Group's approach on equality, equity, diversity inclusion and belonging.

2. AUTHORITY

- 2.1 The Nominations and Remuneration Committee is a Committee of the CII Board from which it derives its authority, and to which it regularly reports.
- 2.2 The Committee has delegated authority from the Board in respect of the functions and powers set out in the Terms of Reference. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.3 The Committee is authorised to seek any information it requires from any employee of the CII in order to perform its duties. The Committee is also authorised to obtain, at the CII's expense, outside legal or other professional advice on any matters within its terms of reference.
- 2.4 The Committee shall carry out the duties below in relation to the CII, the CII's subsidiary undertakings and the CII Group as a whole, as appropriate and will work collaboratively with colleagues across subsidiary entity Nominations Committees to ensure a holistic approach to Nominations and Remuneration matters that secures coherence across the Group.

3. DUTIES

Nominations

The Committee shall:

- a) determine and review the CII's nomination policy, making recommendations to the Board, as applicable, with regard to any changes.
- b) keep under review the effectiveness of the size and composition of the CII Board, making use of the output of board evaluation processes as appropriate and to make recommendations to the Board, as applicable, with regard to any changes.
- c) give full consideration to, and make plans for, succession planning for members of the Board and its Committees, the CEO and members of the Executive Leadership Team (including the PFS CEO), taking into account the challenges, opportunities, and risks facing the CII, its strategy and the skills and expertise needed in the future and making recommendations to the Board, as applicable.

- d) determine and review arrangements for the recruitment and selection of candidates to fill Board, Committee, Vice President, and Executive Team roles, ensuring that these are fair, open, and transparent.
- e) be responsible for identifying, interviewing, and nominating candidates for the approval of the Board for:
 - i. Board Member vacancies, including to the roles of CEO and any other executives with a full place on the Board
 - ii. reappointments of non-executive Board Members.
 - iii. CII Members for election as Vice Presidents and Engagement Board Members.
- f) oversee the process for the identification of candidates for the position of Deputy President and nominate a candidate each year for the approval of the Board to recommend to CII Members.
- g) oversee the process for the identification of candidates to fill Committee member roles and approve their appointments, with the exception of the Chairs of the Committees who are Board members and whose appointments (and reappointments) are approved by the Board.
- h) work with the Chief Executive to identify and appoint candidates to fill all Executive Director and other positions that report to the Chief Executive including, where appropriate, Senior Leadership positions.
- i) receive updates from Committee Chairs on the reappointments of committee members.
- j) agree and maintain oversight of a process for those appointments to the PFS Board which require CII Board approval.
- k) in order to ensure coherence of approach across the Group, agree and maintain oversight of the governance process for appointments to all subsidiary undertakings.
- l) agree and maintain oversight of a process for making recommendations to the Board regarding candidates for the award of Honorary Fellowship.
- m) agree and maintain oversight of a process for making recommendations to the CII President regarding candidates for the President's Award.
- n) consider the impact of the CII Group's approach to appointments and pay on equality, equity, diversity, inclusion and belonging at the CII by reviewing relevant data reports, and monitoring progress towards achieving its objectives.

Remuneration

The Committee shall:

- o) recommend the CII Group's remuneration strategy to the Board and review its continuing appropriateness and relevance, establishing levels of remuneration which are sufficient to attract, retain, and motivate staff of the quality and with the skills and experience required to lead the CII successfully.
- p) review and contribute to the development of the annual CII Group budget, particularly in relation to people, taking account of data on remuneration trends.

- q) review and recommend to the Board the remuneration and benefits package for the CEO and members of the Executive Team on their appointment.
- r) annually review and recommend to the Board the CEO and members of the Executive Team's annual total individual remuneration package, including bonus awards, informed by annual performance appraisals, and approve any changes required, taking account of benchmarking data.
- s) determine the appropriate level of remuneration for independent members of the Board and its Committees, and for any Boards within the Group, including the PFS, consulting as appropriate
- t) approve the design, components, and objectives of all staff performance-related bonus schemes, including any Executive bonus scheme and Long Term Incentive Plan or similar that might be in place, to ensure they are transparent and rigorously applied to promote the long-term success of the Institute; and approve the total annual payments made under such schemes.
- u) approve the principles for staff Sales Incentive Plans, or other incentive arrangements, and ensure that appropriate arrangements are in place for the governance of such Schemes.
- v) monitor and oversee key HR related management indicators and reports.
- w) monitor policies relating to recruitment, selection, training, motivation, development, performance, reward and retention of staff.
- x) monitor and oversee the assurance and governance of the CII's pension arrangements, considering recommendations and reports from management in relation to the Scheme, ensuring the CII meets its obligations and duties and making recommendations to the Board, as appropriate, in respect of policy for and scope of the pension arrangements.

4. MEMBERSHIP

4.1 The Committee comprises the following members:

- a Chair of the Committee who shall also be a Member of the CII Board and be appointed by the Board.
- the Institute's Independent Chair
- the President of the Institute the Deputy President of the Institute
- a member of the Local Institute appointed for a term of up to three years subject to their remaining a member of the Local Institute during that time. The Board may fill a casual vacancy for the post of Local Institute member at any time.
- At least one other independent members with relevant nominations and/or remuneration experience, appointed for a term of three years which may be extended for a further three-year term.
- a representative from the Personal Finance Society Board

4.2 Only members of the Committee have the right to attend Committee meetings.

4.3 No members shall be present or involved in any decisions relating to his/her remuneration or appointment.

4.4 Staff, including the Chief Executive Officer, HR Director, and Governance Director, may be invited to attend meetings.

- 4.5 All members, and attendees or observers, of the Committee are required to absent themselves from the meeting as appropriate where any conflicts of interest, potential or otherwise, may occur.
- 4.6 The Committee may request the attendance of any other individual with relevant experience and expertise if it considers this necessary to exercise its functions.
- 4.7 In the absence of the Committee Chair, the remaining members present shall elect one of their number to chair the meeting.
- 4.8 If any member of the Committee fails to attend three consecutive meetings without good cause they may be removed from the Committee by the Chair, subject to Board approval.

5. MEETING ARRANGEMENTS

- 5.1 The Governance Director, or their nominee (with the approval of the CEO), shall act as the **Secretary** of the Committee.
- 5.2 The Committee shall meet four times a year and at such other times as the Chair of the Committee shall require. Meetings may be held in person or by video or telephone conference.
- 5.3 Members may participate from any location and be considered present and counted in the quorum accordingly.
- 5.4 The Committee may transact business, including approval of appointments, by email only where the subject of such business has undergone a committee-approved process. Any decision made via email shall be valid and effective as if it had been passed at a meeting of the Committee provided that details of the proposed business have been given in advance to each member, and a quorum of Committee members participates in the decision. All email approvals must be ratified at the next core NRC meeting and recorded in the minutes.
- 5.5 The **quorum** necessary for the transaction of any business shall be one third of the total number on the Committee, or three members, whichever is the greater. A duly convened meeting of the Committee (or equivalent) at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.
- 5.6 The Committee will usually make decisions by consensus. Where a vote is considered necessary, it shall be determined by a simple majority with the Chair having a casting vote if needed.
- 5.7 Meetings of the Committee shall be convened by the Secretary of the Committee or otherwise at the request of the Chair of the Committee. Unless otherwise agreed, notice of each meeting, including time and date, together with an agenda of items to be discussed, 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. Supporting papers shall be provided to Committee members and to other attendees as appropriate, at the same time.
- 5.8 The Secretary shall **minute** the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 5.9 The Committee shall regularly review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

6. REPORTING

- 6.1 The Committee Chair shall report formally to the Board on its proceedings at each Board meeting.
- 6.2 The Committee shall report on its activities in the CII's Financial Statements. This will include a statement regarding progress towards reducing gender and other pay gaps.
- 6.3 The Chair of the Committee shall respond to any questions regarding the Committee's activities received at the CII's AGM or elsewhere.
- 6.4 The Committee Chair shall provide regular reports to the Personal Finance Society Nomination Committee.

Approved by the CII Board on 5 September 2024