

The Board of the Pension Protection Fund

Remuneration Committee

Terms of Reference

Preamble

The Remuneration Committee (the Committee) is formally a sub-committee of the Non-executive Committee, which has authorised the Committee to discharge its remuneration functions on its behalf.

Membership

The Committee will consist of three or more Non-executive Members of the Board of whom one will be appointed to chair the Committee.

Two members of the Committee will constitute a quorum.

Secretary

The Secretary to the Board will provide secretarial support to the Committee.

Meetings

The Committee will meet at least twice each year. The Chair of the Committee may convene additional meetings.

The Committee may invite the Chief Executive, any executive of the Fund and external advisers to attend all or part of any meeting.

Any Non-executive member of the Board has rights of attendance.

Reporting

The Committee will report to the Non-executive Committee after each meeting and will make a formal annual report on its work at the end of each year.

Responsibilities

The Committee will:

- recommend, for approval by the Secretary of State, the remuneration of the Chief Executive including basic salary, bonus and other financial aspects of his or her contract. This should take account of his or her performance against agreed objectives, pay levels for comparable roles and the remuneration strategy of the Board of the Pension Protection Fund

- recommend, for approval by the Secretary of State, the remuneration of the Executive Board Members, including basic salary, bonus and other financial aspects of their contracts. The Committee will consult the Chief Executive as appropriate. The recommendation should take account of performance against any agreed objectives, pay levels for comparable roles and the remuneration strategy of the Board of the Pension Protection Fund.

The Chief Executive will be responsible for determining the remuneration, terms and conditions of other staff of the Pension Protection Fund¹. However, the Committee will assess the overall remuneration strategy for staff of the Pension Protection Fund on behalf of the Board.

The Committee will have authority to commission any reports or advice that it needs to fulfil its responsibilities. The Committee will be responsible for the selection and appointment of any advisers that it needs.

The Committee will ensure that the Board is advised of any obligations regarding the disclosure of remuneration.

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¹ However, under the Pensions Act 2004 the Remuneration Committee may also be asked by the Non Executive Committee to recommend the terms and conditions and remuneration of any “prescribed” member of staff