

Civil Service Motoring Association Ltd.
Terms of Reference – Remuneration Committee
Feb 2022

References to “the Committee” shall mean the Remuneration Committee.

References to “the Board” shall mean the Board of Directors of The Civil Services Motoring Association Ltd

Scope

The scope of the remuneration policy is the remuneration of executive and nonexecutive directors of The Civil Service Motoring Association Ltd. (CSMA) and its operating subsidiaries.

Principles

The Committee will act on the basis of the principles as described in the UK Corporate Governance Code.

Principles from the July 2018 Code:

- P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company’s long-term strategy.
- Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in the final decision regarding their own remuneration outcome.
- R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board. The Committee shall be made up of a maximum of three and minimum of two members who shall be current nonexecutive directors of CSMA.
- 1.2 Only members of the Committee have the right to attend and participate in Committee meetings. Other nonexecutive directors may be in attendance at meetings with the agreement of the Chair of the Committee. Other individuals such as the Chief Executive, the Head of People & Culture, and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 Appointments to the Committee shall be confirmed annually, for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.
- 1.4 The Board shall appoint the Committee Chair.

2. Secretary

- 2.1. The Company Secretary or a delegate acceptable to the committee, shall attend meetings and act as Secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee 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. Relevant skill sets will be identified and regularly evaluated.

4. Meetings

- 4.1. The Committee shall meet at least twice a year and at such other times as are necessary to discharge its duties.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Chair of the Committee.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, 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 seven working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless the Association Chair and the Chair of the Committee agree that, exceptionally, it would be inappropriate to do so.

7. Annual General Meeting

- 7.1. The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any member questions on the Committee's activities.

8. Duties

The Committee undertakes the duties detailed below for CSMA and its subsidiaries. Processes will be in place to ensure that no director shall have the final decision as to their own remuneration;

- 8.1. Recommend to the Board the framework and policy for the remuneration of all executive and non-executive directors.
- 8.2. In proposing such policy take into account all factors which it deems necessary including corporate governance guidance and legal requirements. The objective of such policy shall be to ensure that executive and non-executive directors of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company;
- 8.3. Review the ongoing appropriateness and relevance of the Directors Remuneration Policy;
- 8.4. Obtain reliable, up-to-date information about remuneration in other organisations using appropriate information and outsourced independent consultants.
- 8.5. Recommend to the Board the design of, and taking account of board discussions, recommend targets for, any annual performance related pay schemes affecting executive directors and, following review and sign off by the Audit Committee,

authorise payment of the total award made under such schemes as well as individual awards to executive directors; if appropriate recommend bonuses in excess of indicated guideline maximum % award.

- 8.6. Recommend to the Board the design of and targets for any long term incentive plan affecting executive directors and review performance against targets each year. At the end of the relevant period, following review and sign off by the Audit Committee, recommend to the board the total award made under the plan as well as individual awards to executive directors;
- 8.7. As part of the review of annual achievements the committee are entitled to have sight of all executive director's performance appraisals.
- 8.8. Within the terms of the Directors Remuneration Policy,
 - in consultation with the Chair, determine the total remuneration package of the Chief Executive
 - in consultation with the Chief Executive, determine the total individual remuneration package of each executive director, other than the Chief Executive.
 - In consultation with the Head of PandC obtain independent advice regarding benchmarking for NED remuneration. Review the advice with the input of the Company Secretary/CFO.
 - Recommend to the board the level of remuneration for NEDs. (To avoid a conflict of interest the final decision regarding Non-Executive Remuneration will be made by the executive directors of the CSMA board)
- 8.9 In conjunction with the Head of People and Culture be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for executive and non-executive remuneration consultants who advise the Committee

9. Reporting Responsibilities

- 9.1. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10. Other

- 10.1. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

- 11.1. In connection with its duties the Committee is authorised by the Board to obtain, within budgeted guidelines, at the company's expense, any outside legal or other professional advice, as well as appropriate training for its members, to discharge its responsibilities.

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