

People Committee – Terms of Reference

1 Constitution

1.1 The Board hereby resolves to:

1.1.1 establish a Committee of the Board to be known as the People Committee

1.1.2 dissolve the Remuneration and Nominations Committees.

1.2 The People Committee agrees objectives for the Chair, Chief Executive and other Executive Board Members and, on recommendation from the CEO, agrees the team-based objectives that will apply to all members of the Executive Committee. The People Committee assesses performance and agrees reward for the Chief Executive, other Executive Board Members and members of the Executive Committee.

1.3 Pursuant to the authorities set out below, the People Committee also considers and makes recommendations in respect of the appointment of Members of the CAA. Members of the CAA are the up to 16 individual members of the body corporate which is legally accountable for the discharge of the many and various functions given to the CAA.

2. Legal Framework

Some of the People Committee's work is covered by the Civil Aviation Act 1982 (as amended). In particular:

2.1 Board Size and Constitution

- the CAA Board is to consist of;
 - at least seven but not more than sixteen Members.
 - a person appointed to chair the CAA (“the chair”) and other Non-Executive Board Members, and
 - a Chief Executive and other Executive Board Members.
- so far as practicable, the number of Non-Executive Board Members exceeds the number of Executive Board Members.

2.2 Appointments

- The Secretary of State appoints the Chair and other Non-Executive Board Members;
- The Non-Executive Board Members appoint the Chief Executive, subject to approval by the Secretary of State;
- The Chief Executive appoints other Executive Board Members, subject to the approval of the Chair and at least one other Non-Executive Board Member.
- The Chief Executive appoints other Executive Committee members. Appointments to these roles are not specifically covered by legislation. Consistent with the Code, the Board is invited to approve the appointment of the Company Secretary.

2.3 Reward

- The CAA shall make such provision for reward to each Non-Executive Board Member as the Secretary of State may determine.
- The CAA Non-Executive Board Members determine the terms and conditions, including remuneration and the payment of pensions, for the Chief Executive, subject to DfT/HMT approval.
- The Chief Executive and at least one other Non-Executive Board Member determine the terms and conditions, including remuneration and the payment of pensions, for the other Executive Board Members and members of the Executive Committee.

3. Membership

- 3.1 The People Committee shall be appointed by the Board. All members of the People Committee shall be independent Non-Executive Board Members of the CAA.
- 3.2 The People Committee shall consist of not less than three members. A quorum shall be two members unless a specific provision of these Terms of Reference provides for otherwise. A temporary reduction in the number of members shall not invalidate the procedures of the People Committee at any meeting provided that a quorum is present.
- 3.3 The Chair of the People Committee shall be appointed by the Board from amongst the independent Non-Executive Board Members. No People Committee Members will be in attendance when their own appointment is under consideration. In the People Committee Chair's absence, the People Committee shall appoint one of their number to chair the meetings from which the Chair is absent.

4. Attendance at meetings

- 4.1 The CAA Chair shall normally be in attendance and may chair People Committee discussions when the appointment of Non-Executive Board Members is under consideration. The Chief Executive and People Director may attend by invitation. The Chief Executive will be in attendance when matters of interest to Executive Board Members are discussed. The CAA Chair, Chief Executive and People Director shall not be present when any matter affecting that person directly is under consideration.
- 4.2 The Department for Transport shall be invited to send a representative to that part of any meeting at which appointments of Non-Executive Board Members are to be discussed.
- 4.3 The secretariat shall be provided through the OGC function.
- 4.4 Where necessary, the People Committee may make recommendations to the Chief Executive and People Director about the procurement of specialist advice to service its functions.

5. Frequency of meetings

- 5.1 Meetings shall be held a minimum of three times a year, and where appropriate should coincide with key dates in the CAA's performance and reward cycle. Additional meetings shall be scheduled as required to coincide the cycle of appointments of Non-Executive Board Members.

6. Duties

Setting its work within the context of the People Strategy and values of the CAA, as set by the CAA Board, the specific functions of the People Committee are to:

6.1 Board Constitution

- i. Regularly review the CAA Board's composition and size and make recommendations for change to the Board as necessary.
- ii. Prepare a description of the role and capabilities required for each Member appointment. The People Committee will also have due regard to achieving an overall balance of skills, knowledge, experience and diversity on the Board.

6.2 Appointments

- iii. Assist the Department for Transport in identifying and nominating Non-Executive Board Members, including Chair, to fill Board vacancies as they arise.
- iv. Ensure that all new Non-Executive Board Members receive an appropriate induction.
- v. Oversee the succession planning for key CAA roles, including the Chief Executive, other Executive Board Members and members of the Executive Committee on an annual basis.
- vi. Make recommendations to the Department for Transport regarding the reappointment of any Non-Executive Board Members, including the Chair.
- vii. Identify suitable candidates for the post of Chief Executive for approval by the Non-Executive Board Members and the Secretary of State.

6.3 Performance and Reward

- viii. 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.
- ix. In discussion with the CAA Chair, agree objectives for the Chief Executive, assess performance, on recommendation from the Chair, and agree appropriate reward.
- x. On recommendations from the Chief Executive, agree objectives for the Executive Board Members and the team-based objectives that will apply to all members of the Executive Committee, assess performance on recommendations from the Chief Executive, and agree appropriate reward.
- xi. Approve the policy covering the involvement of Chief Executive, Executive Board Members and other members of the Executive Committee with, and the treatment of fees arising from, any outside appointment offered to them.

6.4 Other

- xii. Be informed of, and give guidance on the development of, the People Strategy and its supporting strategic themes.

- xiii. Approve the policy and parameters for departure terms (including the payment of termination compensation) in respect of the Chief Executive, other Executive Board Members and members of the Executive Committee.
- xiv. Approve the policy for authorising claims for expenses for Board Members.
- xv. Ensure appropriate safeguards are in place to address real or perceived conflicts of interest in respect of the Chair, Chief Executive, other Executive Board Members and members of the Executive Committee on appointment, during appointment and on departure.
- xvi. Liaise with and provide advice to the Audit Committee to ensure that reward and other arrangements for Non-Executive and Executive Board Members are reported appropriately.

7. Reporting Procedures

- 7.1 Minutes of the People Committee will be circulated to People Committee Members and those in attendance.
- 7.2 Key issues will be reported to the Board.
- 7.3 The People Committee shall conduct an annual review of its work and this terms of reference and make recommendations to the Board.
- 7.4 The People Committee's duties and activities during the year shall be disclosed in the annual financial statements, in line with guidance in The UK Corporate Governance Code.

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