Gov Facility Services Limited

CORPORATE BOARD TERMS OF REFERENCE
REMUNERATION & PEOPLE COMMITTEE
RAG/GUI/005 rev 1
Risk Assurance and Governance

1. Constitution

The Remuneration and People Committee is constituted as a Committee of the Board of Gov Facility Services Ltd (GFSL).

2. Membership

a. The committee shall comprise at least three members, two of whom shall be independent non-executive directors. The chair of the board may also serve on the committee as an additional member if they were considered independent on appointment as chair. The Chief Executive Officer and Chief People Officer, where appointed, shall also be members.

b. Appointments to the committee are made by the board on the recommendation of and in consultation with the chair of the remuneration & people committee and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the chair of the board, if they are a member of the committee) continue to be independent.

c. Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chief Finance Officer, the People Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

d. The board shall appoint the committee chair who shall be an independent non-executive director who should have served on a remuneration committee for at least 12 months. In the absence of the committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board. The chair of the board shall not be chair of the committee.

3. Secretary

The Company Secretary or their nominee shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Quorum

The quorum necessary for the transaction of business shall be three members, two of whom should be Non-Executive Directors.

5. Frequency Of Meetings

The committee shall meet at least twice a year and otherwise as required.

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6. Notice of Meetings

a. Meetings of the committee shall be called by the secretary of the committee at the request of the committee chair or any of its members.

b. 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 five 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.

7. Minutes of Meetings

a. The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

b. Draft minutes of committee meetings shall be circulated to all members of the committee. Once approved, minutes should be circulated to all other members of the board and the company secretary unless, exceptionally, it would be inappropriate to do so.

8. Duties

The Committee Shall:

a. The Committee should approve the remuneration and contractual arrangements for posts with a salary over £95,000 including additional allowances, prior to approval being sought from the Shareholder, or any new Executive members. This applies to permanent, fixed term and interim appointments. The Committee will also review annually all salaries over £95,000 including those posts which are taken above £95,000 by the application of additional bonus arrangements.

b. In accordance with GFSL's delegated authority limited to ALBs, in advance of submission to His Majesty's Treasury the Remuneration Committee shall approve:

- **i.** Redundancies with capitalised costs over £95k
- **ii.** Payments in Lieu of Notice (PILON) £50k or above.
- **iii.** Annual pay review bill.

c. Design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances.

d. When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality, and alignment to culture.

e. No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The board itself or, where required by the Articles of

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Association, the shareholder should determine the remuneration of the non-executive directors within the limits set in the Articles of Association.

f. In determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of the shareholder and other stakeholders.

g. Review the ongoing appropriateness and relevance of the remuneration policy.

h. Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys, or information which it deems necessary at the expense of the company. However, the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

9. In Terms of Nomination, Succession & Organisational Capability Duties, The Committee Shall:

a. Regularly review the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the board and make recommendations to the board with regard to any changes.

b. Ensure plans are in place for orderly succession to board and senior management positions and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the board in the future.

c. Keep under review the leadership needs of the organisation, both executive and nonexecutive.

d. Keep up-to-date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.

e. Be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise.

f. Before any appointment is made by the board, evaluate the balance of skills, knowledge, experience, and diversity on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected. In identifying suitable candidates, the committee shall:

i. Use open advertising or the services of external advisers to facilitate the search.

ii. Consider candidates from a wide range of backgrounds.

iii. Consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the board and taking care that appointees have enough time available to devote to the position.

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iv. Prior to the appointment of a director, other significant time commitments should be disclosed, and any additional future commitments should not be undertaken without prior approval of the board.

The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the board.

v. Ensure that, on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

vi. Review the results of the board performance evaluation process that relate to the composition of the board and succession planning.

vii. Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.

viii. Make recommendations to the board concerning:

1. Any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved.
2. Suitable candidates as new directors and succession for existing directors.
3. Membership of board committees, in consultation with the chair of each committee.
4. The re-appointment of non-executive directors at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of knowledge, skills and experience required.
5. Any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract.
6. The appointment of any director to executive or other office.

g. Produce an annual committee work programme that provides rhythm and structure to scheduled meetings, to include the following specific items:

i. Promotion of Fair Pay, Recognition and Reward

1. Pay Strategy
2. Annual Pay / Bonus Review
3. Pay Banding
4. External Benchmarking

ii. Promotion of Equality, Diversity & Inclusion

1. Supportive policy, guidelines

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2. Gender Pay Gap reporting and actions
3. Inclusive Recruitment Principles

iii. Talent, Succession and Organisational Capability Review

1. Annual review of senior talent and succession and resulting actions

iv. Executive Pay, Performance and Appointments

1. Executive salary and bonus proposals
2. Annual review and calibration of proposed Executive team performance ratings
3. NED involvement in review / approval of Executive Appointments

v. Standing Items – Organisational Health

1. Recruitment and retention (per meeting)
2. Employee demographics, key trends (annual update)
3. People dashboard / health-check (annual update)

h. Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the board is reviewed regularly.

10. Reporting Responsibilities

a. The committee chair shall report to the board after each meeting on the nature and content of its discussion, recommendations, and action to be taken.

b. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for board discussion when necessary.

c. The committee shall provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code and that shall include a description of the nomination related activity including:

i. The process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline.

ii. How board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has influenced or will influence board composition.

iii. The policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives, and the gender balance of those in the senior management team and their direct reports.

d. If the committee has appointed an external search consultancy or remuneration consultant, they should be identified in the annual report alongside a statement about any other connection they have with the company or individual directors.

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11. Other Matters

The Committee shall:

a. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.

b. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

c. Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company, as appropriate.

d. Ensure that a periodic evaluation of the committee's own performance is carried out.

e. At least biennially, review its 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.

12. Authority

The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

Date of approval	Date of next review
November 2026	November 2028

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