

Nominations, Compensation, Diversity and Inclusion Committee - Terms of Reference

1 Appointment and membership

The Nominations, Compensation, Diversity and Inclusion Committee (“NCDIC”) and the Chair of the NCDIC is appointed by the Board from the members of the Board.

The committee shall have 4 members.

A quorum shall be three members for any meeting at which the NCDIC’s delegated powers are to be exercised and otherwise two members. The chair of the board may nominate alternative board delegates if one or two of the members cannot attend a meeting.

All appointments shall be made with due regard to the need to understand CEPI’s objectives, structure and culture, and other legislative and accountability contexts within which it operates.

The term of service for NCDIC members will be for 2 years, or the remaining term an individual board member has to serve. This will customarily be extendable for up to 2 further years at the discretion of the board.

The Secretary to the NCDIC is the HR Director.

2 Attendance of non-members at meetings

The HR Director will attend all meetings and act as Secretary. CEPI’s CEO may attend meetings with the approval of the committee chair. The committee chair may invite other members of CEPI staff to join as required. The NCDIC Chair may hold executive sessions that are restricted to members of the committee.

3 Frequency of meetings

Meetings shall be held according to need, with an expectation of 2 – 6 short meetings a year.

Unless otherwise agreed, notice of each meeting confirming the venue or teleconference details, time and date together with an agenda of the items to be discussed and any relevant papers shall be sent to NCDIC members and all other persons required to attend, no later than 2 working days before the date of the meeting (longer for physical meetings).

4 Delegated authority

The NCDIC is authorised by the Board to investigate any activity within these terms of reference and, within its scope of responsibilities, to seek any information it requires and to ensure the attendance of management representatives at meetings as appropriate.

The NCDIC has the authority to request outside legal or independent professional advice on compensation matters.

5 Reporting procedures

Draft minutes of the meetings shall be circulated within 10 working days of the meeting taking place to the chair of the NCDIC and then to all members and attendees of the NCDIC.

The approved minutes of meetings of the NCDIC shall be circulated to all members of the Board. Where minutes are required to remain confidential the board will be able to request further details from the chair of committee as appropriate to conducting their business.

The NCDIC shall, from time to time, 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.

The chair will provide an annual report to the board, summarising its conclusions from the work it has done during the year.

6 The NCDIC's responsibilities

The responsibilities of the NCDIC shall be to:

1. Compensation

- a) Review and approve the total compensation for senior management. Senior management consists of the CEO and the management directly reporting to the CEO. Total compensation includes base salary, pension, insurance, and any retention or performance bonuses or other emoluments deemed warranted and necessary
- b) Appoint and agree the total compensation for the CEO
- c) Review and approve the annual global salary budget for non-senior management.
- d) Review and approve severance arrangements, retirement arrangements and any special benefits for senior management
- e) Review and approve the Global policy for Total Compensation in CEPI
- f) Review and approve any proposal for performance based pay. If this element is introduced, it will be part of the total compensation (ref. point a. and d.)

2. Nomination of Board members

- a) Nominate the independent members of the board (for ratification by the Board) as set out in Articles of Association 5.2
 - In doing so, pay due consideration to the competencies of the board, diversity of experience and thought geography and gender, ensuring a good overall board dynamic, and considering advertising for applicants
- b) Propose levels of compensation for independent board members, for approval by the Members meeting.
- c) Propose duration of board terms and recommend on renewal of service for individual members, for approval by the Board meeting
- d) Cooperate with the Investors Council to ensure an effective Board with a particular focus on complementarity of competency and rotations for investor and independent board seats

3. Diversity & Inclusion

- a. Support work on developing a diverse and inclusive work force
- b. Review, advise on, and endorse the strategy developed by CEPI to achieve this
- c. Receive reports on the composition of the workforce, gender pay gaps etc.

The committee in addition may be asked to look at any other topic on which they are seen as the most appropriate body.