

HUMAN RESOURCES AND REMUNERATION COMMITTEE TERMS OF REFERENCE

Terms of Reference approved by the PRI Association Board in March 2018

1. CONSTITUTION

- 1.1 The PRI Association Board (the **Board**) has established a committee of the Board, known as the Human Resources and Remuneration committee, with terms of reference as set out below.
- 1.2 The Articles of Association of PRI Association (the **Articles**) state that Directors may: (i) constitute committees to facilitate the workings of the Board; and (ii) may, if they choose, delegate any of their powers to those committees on the basis set out in the Articles.
- 1.3 As instructed by the Articles Directors must specify in writing the terms of reference (including such conditions as they see fit) of each committee in accordance with the Articles.
- 1.4 All committees constituted in accordance with Articles must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by the Directors.
- 1.5 The terms of reference of, and any delegation of executive power by the Board to, a committee must be recorded in the Board's minutes.
- 1.6 The Directors may revoke or alter a delegation in whole or part, or alter its terms and conditions.
- 1.7 No rule, policy or terms of reference will be inconsistent with anything contained in the Articles, but in the event of any inconsistency, the Articles will prevail.

2. PURPOSE

- 2.1 The committee is a committee of the Board and its purpose is to ensure that the human resources (HR) and remuneration arrangements support the strategic aims of the PRI Association and enable the recruitment, motivation and retention of staff while complying with the requirements of regulatory and governance bodies, satisfying the expectations of its members and remaining consistent with the expectations of the wider target employee population.
- 2.2 The committee's responsibility and authority covers the entire PRI Association, its subsidiaries and any joint ventures that may be entered into.

3. COMMITTEE COMPOSITION

- 3.1 The committee will comprise of Board Directors.
- 3.2 There is to be a minimum of three and a maximum of five committee members at all times.
- 3.3 Committee members and the committee chair are appointed by the Board.

4. QUORUM AND MEETING PROCEDURES

4.1 A quorum of the committee is set out in the table below:

| Committee members | Quorum |
|-------------------|--------|
| 3 | 2 |
| 4 | 3 |
| 5 | 3 |

4.2 In the absence of the committee chair, the remaining members present can elect one of themselves to chair the meeting.

4.3 Questions arising at any meeting must be determined by a majority of votes of the committee members present that are entitled to vote.

4.4 In the case of an equality of votes, the chair of the committee will not have a second or casting vote but a decision on the relevant matter must be referred to the next available meeting of the Directors.

4.5 No member of the committee or person in attendance at a meeting will be present or will participate when matters relating to his or her own remuneration or terms and conditions of service are discussed.

5. ATTENDANCE AT MEETINGS

5.1 The expectation is that committee members attend all committee meetings, either in person or by conference call.

5.2 Other Board Directors have the right to attend the committee meetings. Permanent UN Advisors, members of the PRI Executive and any advisers appointed by the committee may attend any meeting of the committee if invited by the committee.

5.3 Board Directors, Permanent UN Advisors and members of the PRI Executive cannot attend any part of a committee meeting at which their own position is being discussed, except by invitation. No member of the committee or person in attendance at a meeting will be present or will participate when matters relating to his or her own remuneration or terms and conditions of service are discussed.

5.4 The PRI Director of People & Culture or their nominee is the secretary of the committee and will attend the meetings.

6. FREQUENCY OF MEETINGS

6.1 Meetings are to be held not less than twice annually and at such other times as required.

7. NOTICE OF MEETINGS

7.1 Meetings of the committee are called by the secretary of the committee at the request of the committee chair.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, are to be forwarded to each member of the committee and any other person required to attend, no later than five working days before the meeting. Supporting papers are to be sent to committee members and to other attendees as appropriate, at the same time.

8. MINUTES OF MEETINGS

8.1 The secretary of the committee will ensure that a formal record of committee proceedings and resolutions is maintained.

- 8.2 Following approval of the minutes by the chair of the committee they are to be circulated to all members of the committee.

9. AUTHORITY

The committee is authorised by the Board to:

- 9.1 investigate, or cause to be investigated, any activity within its terms of reference and make any recommendations which it deems appropriate on any area where action or improvement is needed;
- 9.2 make recommendations to the Board on strategic policy issues around human resources and remuneration;
- 9.3 seek any information that it requires from any employee or Director of the Company in order to perform its duties and require all employees to co-operate with any request made by the committee;
- 9.4 obtain at the Company's expense, so long as resources permit, external legal or independent professional advice from such advisers as the committee select, who may at the invitation of the committee attend meetings as necessary;
- 9.5 meet for despatch of its business, adjourn and otherwise regulate its meetings as it sees fit including approving items of business by the written resolution procedure set out in the Company's articles of association; and
- 9.6 delegate any of its duties as is appropriate to such persons or person as it thinks fit.

10. DUTIES

The Board authorises the Human Resources and Remuneration committee to:

- 10.1 review and make recommendations to the Board on the HR plan and policies;
- 10.2 oversee and make recommendations to the Board on succession planning of the directors and other key personnel;;
- 10.3 provide guidance to the Executive on the structure of the Executive appraisal process; and make recommendations to the Board on basis of the Executive appraisal process.;
- 10.4 by way of the chair of the committee act, as a point of contact to whom individuals can raise concerns as part of the PRI's Whistleblowing Policy, and take appropriate action to investigate and resolve any concerns raised.
- 10.5 give advice to the Board for final decision-making on terms of employment of executives, including, without limitation, salaries, bonuses, benefits in kind, and the duration of their contracts;
- 10.6 regularly review the ongoing appropriateness and relevance of the remuneration policy to ensure that the policies and practice applicable to all staff facilitate the employment and motivation of people of the required quality;
- 10.7 receive evidence on internal and external trends in remuneration and benefits, including where necessary commissioning any reports or surveys aimed at establishing the PRI's market position or exploring particular aspects of remuneration;
- 10.8 approve salary review process and any collective annual increment available for reviews;
- 10.9 give advice to the Board for final decision making on any major changes to the benefits policy;
- 10.10 give advice to the Board for final decision making on the annual appraisal process and remuneration of the Managing Director; and

- 10.11 give advice to the Board for final decision making on the terms and conditions relating to the remuneration of the Board Chair.
- 10.12 For the avoidance of doubt, the committee would not normally be concerned with individual salaries or terms of employment unless they fall outside the scope of agreed policies or delegated authorities.
- 10.13 The committee will also consider other topics, as referred to it from time to time by the Board.

11. REVIEW

- 11.1 The committee at regular intervals will: review the work undertaken by the committee and its performance, ensure that it is provided with sufficient resources to undertake its duties and recommend any changes it considers necessary to the Board for approval.
- 11.2 These terms of reference will be reviewed and, where necessary updated, at least once a year.

12. REPORTING PROCEDURES

- 12.1 The committee chair is responsible for reporting to the Board the activities of the committee at the next available in person Board meeting, either verbally or in writing, or earlier if required. The approved minutes of all meetings and resolutions of the committee are to be circulated in a timely manner to the Board after every meeting. The secretary will retain copies of the minutes and the papers.
- 12.2 The committee will disclose on the PRI website its terms of reference, including any duties delegated by the Board.
- 12.3 The committee will provide an annual report to signatories on its activities, including any decisions taken, the number of meetings and attendance by each committee member.
- 12.4 The committee chair, or another designated member of the committee, is expected to attend the Signatory General Meeting to answer questions on the committee's activities and responsibilities.
- 12.5 The committee will be responsible on annual basis for determining any changes or additions to the reporting to signatories on remuneration policy in the Annual report.