TERMS OF REFERENCE FOR THE

PEOPLE COMMITTEE

Committee Purpose: To meet the statutory and regulatory requirements of a Remuneration Committee, making decisions relating to the remuneration of Executive Directors and other members of the Executive, and to consider people-related matters on behalf of the Board.

1. Membership	
1.1	The Committee membership shall include at least three independent non-executive directors. The Chair of the Board may serve on the Committee as a member if he or she was considered independent on appointment as Chair. Independent non-executive directors shall make up the majority of Committee members.
1.2	Only members of the Committee have the right to attend Committee meetings. Others may attend the meetings by invitation.
1.3	The Chair of the Committee shall be an independent non-executive director appointed by the Board. The Committee Chair should have served on a remuneration committee for at least 12 months prior to appointment. In the absence of the Committee Chair at a Committee meeting, the remaining members shall elect one of themselves to chair the meeting. The Chair of the Board may not be Chair of the Committee.
2. Secretary	
2.1	The Company Secretary or his or her nominee shall act as the secretary of the Committee.

3. Quorum	
3.1	The quorum necessary for the transaction of business shall be two members who are both independent non-executive directors, or one independent non-executive director and the Chair of the Board
4. Meetings	
4.1	Meetings shall be held not less than three times a year and at such other times as the Chair of the Committee shall require.
4.2	Meetings shall be called by the secretary of the Committee at the request of the Committee Chair.
4.3	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 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.
5. Reporting Responsibilities	
5.1	The Committee Chair shall report formally to the Board on its proceedings after each meeting.
5.2	The minutes of meetings shall be made available to all members of the Board, unless in the opinion of the Committee Chair it would be inappropriate to do so.
6. Duties	
Remuneration	
6.1	To determine the policy for executive directors' remuneration and the remuneration of Band 0 and Band 1 colleagues, in accordance with the Ofwat Board Leadership, Transparency and Governance Principles, the

	Ofwat Prohibition Rule, and the UK Corporate Governance Code where appropriate for private companies. 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 the views of shareholders and other stakeholders and driving delivery for customers and the environment. The Committee will consider clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture when setting remuneration policies and practices.
6.2	To establish remuneration schemes that align with short and long-term business and shareholder interests.
6.3	To design remuneration policies and practices to support the business strategy and promote long-term sustainable success, with executive remuneration aligned to performance, behaviours and the achievement of company purpose, values and strategy, and that enable the use of discretion to over-ride formulaic outcomes and to recover and / or withhold sums under appropriate specified circumstances. In setting Band 0 and Band 1 remuneration, consideration should be given to remuneration throughout the organisation to reinforce a sense of shared purpose, and to the reputational and behavioural risks to the company that can result from inappropriate incentives and excessive rewards. The Committee shall also consider any company response required to annual gender pay gap and ethnicity pay gap reporting.
6.4	To ensure no director or senior manager is involved in any decisions as to their own remuneration outcome. The Board itself should determine the remuneration of the independent non-executive directors and the Chair.

6.5	To review the ongoing appropriateness and relevance of the remuneration policy.
6.6	To determine the total individual remuneration package of each executive director and Band 0 and Band 1 colleagues, including bonuses and incentive payments. For new starters in Band 0 and Band 1 the remuneration package offered must be approved by the Committee prior to the offer being made. Independent judgement and discretion must be used when determining remuneration awards.
6.7	The Committee will be informed of any leavers within Band 0 and Band 1 and the reasons for their departure. Any payments made to leavers in Band 0 or Band 1 upon departure must be agreed in advance by the Committee, including any granting of good leaver status, with independent external advice sought where appropriate.
6.8	The Committee must approve in advance any granting of good leaver status to a Band 2 leaver or other EBP or LTIP participant outside of Band 0 or Band 1. If a Committee meeting is not scheduled within the required timescales to allow for advance approval, this may be given by the Chair of the Committee outside of the meeting and details provided to the rest of the Committee at the next meeting for information.
6.9	The Chair of the Committee must approve in advance the admission of any new Band 2 participants to the EBP and LTIP schemes, as a result of recruitment or promotion. The details of such approvals will then be brought to the next Committee meeting for information.
6.10	To have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information deemed necessary, at the expense of the company. However, the Committee shall avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
6.11	To review and approve the design of all long-term incentive plans. For any such plans, to determine each year whether awards will be made,

	and if so, the overall amount of such awards, the individual awards for executive directors and other members of the Executive, and the performance targets to be used.
6.12	To review workforce remuneration and related policies as appropriate to ensure that the reward, incentives and conditions available to the wider workforce are taken into account when deciding the pay of Band 0 and Band 1 colleagues.
People	
6.13	To receive reports on equality, diversity and inclusion across the business and oversee any actions required in these areas, as well as any significant changes to policies in these areas. To review externally published reports in relation to gender and ethnicity pay gaps and the assurance in relation to these.
6.14	To receive updates on significant people-related projects within the business, monitoring progress and ensuring these align to the company values and the objectives of the business.
6.15	To receive regular updates from the Yorkshire Voice colleague engagement survey, colleague listening groups, as well as any internal audit issues or speak-ups relating to the culture of the organisation, and review these to ensure the culture of the organisation is aligned to the purpose, values and strategy of the company, and appropriate actions are being taken as necessary.
6.16	To make recommendations to the Board on any changes required to the company values as part of the annual review of the company strategy.
6.17	To receive updates on the succession planning and talent development processes across the business to ensure that these are effective and appropriate.

6.18	To consider the people-related risks that are contained within the corporate risk register, as well as any new or emerging people-related risks, to ensure that these are being appropriately mitigated.
6.19	To receive updates on the relationship of the business with trade unions, including by hearing directly from the trade union convenors at least once a year.
6.20	To receive updates on the graduate and apprenticeship programmes in place across the business, including by hearing directly from graduates and apprentices periodically as appropriate.
7. Authority	
7.1	The Committee is authorised by the Board to investigate any activity within these Terms of Reference and to seek any information it requires. The Committee is also authorised to obtain, at the expense of the Company, independent legal, accounting or other professional advice on any matter it believes necessary.