

# The Board of the Pension Protection Fund

## Executive Committee

### Terms of Reference

#### 1. Constitution and Purpose

The PPF Executive Committee (“the Committee”) is established by the Chief Executive to assist in the running of the business.

As well as having specific senior management roles and duties, members of the Committee work together to review key areas including:

- Developing strategy for review by the Board, implementing strategy and operational plans, policies and budgets
- Recommending financial plans and budgets to the Board and setting out how they can be achieved
- Identifying, assessing, monitoring and mitigating risks
- Setting and monitoring an appropriate culture across the organisation
- Making sure we’re complying with relevant legislation and regulations
- Setting out how we prioritise and allocate resources

Under Part B (*Delegation of the Board’s powers*) of the Board’s Governance Manual approved with effect from 1 April 2020 and as may subsequently be amended, the Board of the Pension Protection Fund has delegated to the Chief Executive the power to take decisions in relation to many of the Board’s functions.

The Committee is empowered to take any decision which can be taken by the Chief Executive. A decision taken by the Committee shall be deemed to be a decision of the Chief Executive. If the Committee takes a decision in a meeting at which the Chief Executive was not present, it shall be open to the Chief Executive to cancel or modify that decision provided that they do so within one week of the original decision and that it is reasonably practicable to do so.

In addition to the responsibilities set out below, the Committee is authorised by the Chief Executive to carry out the specific functions and take the specific decisions authorised or reserved to it under Part C (*Authorisations from the Chief Executive*) of the Board’s Governance Manual.

If an individual has responsibility for a particular matter under the Board’s implementation of the Senior Managers and Certification Regime (SMCR) and they disagree with a decision taken by the Committee, they shall be entitled to have their dissent noted in the minutes and may ultimately refer the matter to the Senior Independent Director (SID).

## **Committee responsibilities**

The Committee will decide on issues of major strategic importance or risk to the PPF. These issues will be considered on a four weekly cycle which will be set out in advance. The topics will include:

- HR, employee matters and communications;
- Operations and Levy;
- Finance, Commercials, Risk, horizon scanning and pensions policy;
- IT and Change, non-financial investment decisions.

Oversight of, and decisions relating to, the investment of the assets of the Pension Protection Fund and/or the Fraud Compensation Fund shall be the responsibility of the Investment Committee, Asset and Liability Committee and/or the Chief Investment Officer under the authority as set out in their respective Terms of Reference or authorisations.

In a five week month, there may be an informal meeting of the Committee members in the final week.

Items the Committee need to consider out of cycle can be added to the agenda with the prior agreement of the Chair, on an exceptions basis.

## **2. Membership**

Membership of the Committee shall comprise the following members:

Chief Executive;  
Chief Financial Officer;  
Chief People Officer;  
Chief Investment Officer;  
Chief Risk Officer;  
Chief Customer Officer;  
General Counsel; and  
Chief Technology Officer

A member of the Committee may in their absence on leave (but not otherwise) send an Alternate in their place. However a member of the Committee who has responsibility under SMCR for a matter that is to be discussed by the Committee and is otherwise unable to attend, may send an Alternate to represent their views in such a discussion.

An Alternate shall in all ways be equal to a member of the Committee and may vote and count towards a quorum.

### 3. Chair

The Chief Executive will chair the Committee. In the absence of the Chief Executive, chairmanship shall rotate between the members.

If the number of votes for and against a proposal are equal, the Chair shall have a casting vote.

### 4. Quorum

The quorum necessary for the transaction of business by the Committee will be 4 Members, to include 1 Executive Director.

### 5. Attendees

The following shall have a right to attend Committee meetings:  
N/A

### 6. Additional Invitees

Additional invitees or subject matter experts may be invited to attend or present papers at a meeting of the Committee at the request of the Chairman. If an individual who is not a member of the Committee has responsibility under SMCR for a matter that is to be discussed by the Committee, that individual should be invited to attend the relevant meeting.

### 7. Meeting Frequency

Meetings will be held weekly. Ad hoc meetings can be called, as required, at the request of the Chair or a Committee member.

### 8. Secretary

The Board Secretary or their nominee shall act as Secretary of the Committee.

Action points will be recorded and distributed by the Board Secretary within two working days of the meeting.

### 9. Notice of Meetings

Meetings of the Committee shall be convened by the Secretary to the Committee at the request of the Chair/any of its members. Unless otherwise agreed, notice of each meeting, confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and to other attendees as appropriate at least 2 Business Days prior to the date of the meeting.

Meetings may take place by telephone or video conference or any other method by which members can communicate any information or opinions they have on any particular item of business of the meeting. If all members participating in the meeting

are not in the same place, the Chair may decide that the meeting is to be treated as taking place wherever any of them is.

#### 10. Conflicts of Interest

If a member has a personal interest in any subject matter under discussion at a meeting, they must disclose their interest before the matter is considered or as soon as their interest becomes apparent. If required to do so by the Chair, the member shall then withdraw from the meeting.

If a member has an interest that a member of the public, informed of the facts, might reasonably conclude would reasonably affect the member's perception of the public interest, then that member must:

- (a) withdraw from the meeting during consideration of that matter;
- (b) not vote on the matter; and
- (c) not seek to affect the determination of the matter.

Any member who has withdrawn from a meeting shall not be counted in the quorum present in that meeting for the relevant matter.

No determination of any matter shall be liable to be avoided on the ground of a personal interest which has not been disclosed.

#### 11. Minutes of Meetings

The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated within 2 working days to all members of the Committee.

#### 12. Reporting

The Committee's material work shall be reported at each Board meeting by way of the Chief Executive's Report and will highlight any particular issues that should be drawn to the Board's attention.

#### 13. Scope of the Committee's Oversight and Responsibility

The Committee shall have oversight of the following matters:

##### **Strategy**

- Recommending objectives and strategy for the PPF in the development of its business, having regard to the interests of its customers, employees and other stakeholders;
- Successful execution of strategy;
- Ensuring the active liaison, co-ordination and co-operation between business decisions.

## **Culture**

- Setting and monitoring an appropriate culture across the organisation ensuring the strategies, policies and processes support that culture;
- Leading by example with behaviour that supports the culture.

## **Budgeting and reporting**

- Recommending the PPF's budgets and financial plans to the Board, and following their adoption, the achievement of the budgets and plans;
- Developing and reviewing Directorate objectives and budgets to ensure that they fall within the agreed targets;
- Safeguarding the integrity of management information and financial reporting systems;
- Optimising the allocation and adequacy of the PPF's resources including prioritisation of projects;

## **Governance**

- Organisational development;
- Ensuring appropriate levels of authority are delegated to senior management;
- Ensuring compliance with relevant legislation and regulations;
- Agreeing policy guidelines;
- Developing and implementing appropriate policies;
- Ensuring that all Board and Board Committee papers receive appropriate scrutiny before being considered by the Board and/or relevant Committee.

## **Risk**

- Understanding the risk profile and risk exposure of the PPF and considering whether action is required to address emerging or potential systemic risk.
- Reviewing the effectiveness of controls and mitigating actions associated with escalated risks and loss events as reported.
- Keeping under review the PPF Assurance Map to be assured that key areas of risk are effectively and efficiently managed and overseen across the 3 lines of defence.
- Ensuring appropriate processes are in place to manage health and safety risk
- Reviewing the Risk Policies and making recommendations for improvement.

## **Restructuring and Insolvency**

- Receiving updates on the work of the Restructuring and Insolvency team
- Where appropriate, being briefed on and considering the cross-cutting implications of specific cases
- Overseeing the PPF's general policy stances in this area

## **Operations and levy**

- Receiving updates and MI in relation to the work of Scheme and Member Services and Levy Operations
- Overseeing high level policy development and strategic decisions in these areas

**ESG**

- Receiving updates on the PPF's activities in relation to environmental, social and governance (ESG) issues and overseeing developments in this area

**Internal Audit**

- Reviewing the Internal Audit Programme;
- Overseeing the clearance of internal audit recommendations by action owners.

**Compliance and Ethics**

- Reviewing the Compliance and Ethics Programme
- Approving Compliance and Ethics corporate-wide policies
- Receiving reports from Compliance Oversight
- Receiving updates from Data Protection Officer

**Change**

- Set the priorities for projects for the business
- Receive reports from the project function

**Information Technology**

- Oversight of operational activities of the Technology Directorate
- Oversight of critical incidents and business-impacting technical problems
- Reviewing the MI for Development, Architecture and Service Delivery Departments

**Information Security**

- Reviewing output from the Information Security Committee
- Reviewing any major cyber incidents and breaches
- Receiving reports and updates from the Head of Information Security

**14. Delegation**

The Committee may set up sub-committees and delegate to a sub-committee or any particular individual any of its responsibilities. The number, remit and composition of such sub-committees are a matter for the Committee.

**15. Execution of documents**

Where a person or Committee is authorised to take actions or decisions in relation to one of the Board's powers, that authorisation includes authority to execute necessary notices, agreements or other legal documentation on behalf of the Board (except when the application of the common seal is required). The Committee may explicitly authorise a member to execute documents on behalf of the Committee subject to having obtained sign-off from subject matter experts such as Legal, Actuarial, Investment (as appropriate). In default of such a nomination, the Chair shall be so authorised.

**16. Performance Review**

The Committee will arrange periodic assessments of its own performance and review periodically its terms of reference and recommend any changes to the Chief Executive for approval.

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