

Senior Executive Remuneration Policy

Purpose

1. The purpose of this policy is to provide a basis for remunerating senior executives in Centrepont. The policy applies to all members of Centrepont's Senior Executive Team (SET) or its successor team/group.

Guiding principles

2. Centrepont believes that our people play a key part in the overall success of our organisation. Thus, the following principles guide Centrepont's remuneration policy:
 - 2.1 We are committed to providing remuneration and other terms of employment that is fair and enables us to attract, reward and retain appropriately qualified staff to lead, manage and support Centrepont charitable objectives and strategy, as approved by the Board from time to time.
 - 2.2 The Remuneration Committee (RemCo) is responsible, on behalf of the Board, for setting the salary and other terms of employment for the Senior Executive Team. This policy should therefore be used in conjunction with RemCo's Terms of Reference.
 - 2.3 In setting salaries and other terms for SET, RemCo considers:
 - The purposes, aims and values of Centrepont, as well as any specific provisions outlined in its Articles of Association and other governance arrangements.
 - The types of skills, experiences and competencies that are required of the senior executive team in order to develop and deliver the strategy and business plans that are necessary to achieve Centrepont's objectives.
 - Centrepont's ability to pay in the present and in the future and, the extent to which a 'discount' compared to similar roles in other sectors is appropriate.
 - Centrepont's overall performance against expectations and individual SET members' performance against specific expectations of them, in both the short and long term.
 - The nature of the wider 'employment offer' Centrepont is able to make to potential executives, where pay is one part of a package that includes personal development as well as the esteem and value – financial or otherwise – derived by executives from working for Centrepont.
 - The relationship between the pay of senior staff and that of the broader employee population.
 - Where appropriate, the likely views of Centrepont's key stakeholders and the impact on them, if any.

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- Any appropriate available information on pay policies and practices in other organisations that can help make the decision on whether the level of pay is fair and reasonable.

Features of executive remuneration

3. Total remuneration packages for Centrepoint staff comprise salary, pension, benefits and performance related pay. With respect to SET, the following are features of each element:
4. *Salary*
 - 4.1 *Purpose:* To provide a salary that is fair and, in relation to the necessary skills and experience, enable Centrepoint to attract, reward and retain competent executives.
 - 4.2 *Policy:* Salaries will be determined with reference to market practice within charities and Registered Providers (housing associations), and more broadly where appropriate. It will take account of each executive's role, contribution, level of experience and need for retention. It will also take note of the level of salary increases awarded across the organisation.
 - 4.3 *What we do:* The CEO prepares an annual summary of each executive's performance and recommends a salary for RemCo's approval. RemCo sets salary annually for all senior executives (SET) between March and May, with any changes taking effect on 1 April each year.
5. *Pension*
 - 5.1 *Purpose:* To enable executives to fund life in retirement, with a contribution comparable to market practice for senior executives of charities and Registered Providers.
 - 5.2 *Policy:* Centrepoint operates a defined contribution pension scheme that is open to all staff members including senior executives. RemCo will approve a proportion of each executive's salary to be contributed into the scheme on a monthly basis. In addition to the regular contribution, RemCo may approve one-off contributions for individual executives. If executives have opted out of the company scheme, they may receive a cash allowance in lieu, equivalent to the company's contribution.
 - 5.3 *What we do:* Centrepoint currently contributes an amount equivalent to 10% of salary on behalf of each executive.
6. *Benefits*
 - 6.1 *Purpose:* To provide a competitive range of non-monetary benefits.
 - 6.2 *Policy:* Centrepoint provides a range of benefits that is available to all staff including senior executives. In addition to this, RemCo may approve any

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additional arrangements it deems necessary or appropriate in individual cases e.g. relocation allowances.

- 6.3 *What we do:* Senior executives take part in Centrepoint's benefits scheme on the same terms as all other staff, with no special arrangements being made.

7. Performance Related Pay (PRP)

- 7.1 *Purpose:* To reward and incentivise staff to achieve pre-determined targets over the financial year and recognise their contribution to delivering Centrepoint's strategic objectives.
- 7.2 *Policy:* Centrepoint pays its staff a performance related pay each year if it can afford it. PRP is paid to reward good financial and non-financial performance, against objectives that are set and communicated to staff throughout the year. The amount set aside for the PRP pool applicable to the broader employee population is determined each year by the Senior Executive Team (SET) as part of the overall envelope for the annual salary budget, and approved formally by the CEO. PRP for the Senior Executive Team is determined by RemCo.
- 7.3 *What we do:* RemCo reviews each senior executive's performance against their objectives for the year and may award a non-consolidated performance related pay, if their performance justifies it, the CEO recommends it, and Centrepoint can afford it.

8. Pay multiple

- 8.1 *Purpose:* To maintain an appropriate pay gap between the highest paid and lowest paid people in the organisation.
- 8.2 *Policy:* RemCo will set a maximum ratio for the salary of the highest paid individual in relation to the lowest paid individual and review this ratio annually.
- 8.3 *What we do:* Until it is otherwise decided, Centrepoint will maintain a pay ratio of highest to lowest paid staff not exceeding 8:1, taking account of regional variations.

Pay ratios vary significantly between UK organisations. The 8:1 ratio is set in the following context:

- Among the largest UK companies, the average pay ratio, expressed as a ratio of CEO pay to average company pay is 100:1.
- In local government, the pay of the highest paid individual, expressed in relation to that of the lowest paid individual is an average of 15:1.
- In universities, the pay of the highest paid individual, expressed in relation to that of the lowest paid individual is an average of 18:1.

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- Among charities, the pay of the highest paid individual, expressed in relation to that of the lowest paid individual ranges from 5:1 to 11:1, depending on a range of factors. The average is 8:1.

Termination and severance

9. Centrepoint Senior Executives are employed on service contracts that require at least a 3-month notice period. In the event of termination, the notice period and any redundancy payments will be paid in accordance with Centrepoint's termination policy which is applicable to all staff members.
10. In addition to payment in lieu of notice and redundancy payment, severance pay may be offered. Severance pay applicable to the Senior Executive Team must be approved by RemCo and must not exceed six months' salary, unless there are legal reasons for doing so.
11. RemCo's approach to all payments related to termination is to take account of the executive's circumstances including the reason for termination, individual performance and contractual obligations. In the event of termination for gross misconduct, neither notice nor payment in lieu of notice will be paid and severance pay is not applicable.

Deviations from this policy

12. RemCo may deviate from this Policy but only in specific circumstances where the Committee believes it to be in Centrepoint's interest to do so. Deviations must be reported to the full Board and disclosed in the annual remuneration statement.

Disclosure

13. As part of its Annual Report and Financial Statements each year, Centrepoint will:
 - Publish an annual remuneration statement explaining its ethos and policy on executive remuneration.
 - Explain how this impacts on the delivery of its charitable purposes.
 - Report the actual remuneration of the chief executive and any other staff who earns more than the chief executive.
 - Report the number of staff in receipt of an annual remuneration of more than £60,000, in bands of £10,000.
 - Report pensions and other benefits.