

DELEGATIONS FRAMEWORK APPENDIX 4

REMUNERATION AND NOMINATIONS COMMITTEE

PURPOSE: Deals with matters relating to the appointment and removal of non-executive directors and the Chief Executive and the remuneration of non-executive directors, the Chief Executive, Executive Directors and Directors. To exercise all of the delegated authorities (below) on behalf of each BHG, BHA, Merlin and BHO. References to the Board in this document are as defined in the Governance Framework as the coterminous board acting as the board of each RP Group entity.

Authority

To act in accordance with its terms of reference taking into account statutory and regulatory requirements and best practice; To ask for any information it requires from any colleague in order to perform its duties;

To take external legal or other professional advice on any matter within its terms of reference;

To be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

To annually review its own performance, composition and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board;

In relation to all the matters for which the Committee has responsibility, the Committee has the power to approve all documentation which it considers necessary;

- authorise a signatory or signatories to sign or execute such documentation;
- authorise the use of company seals and signatories to attest such seals in relation to such documentation or otherwise to authorise execution of any document requiring execution as a deed; and
- authorise any person to do any act, matter or thing which the Committee consider in its absolute discretion is appropriate in relation to its powers.

The Committee may appoint Advisors as required.

The Committee may sub-delegate any of the powers delegated to it to another Committee or Colleague.

MEMBERSHIP AND QUORUM

At least 3 members. The Chief Executive is a full member of the Committee. The Senior Independent Director will chair the Committee.

Before appointment as Chair of the Remuneration and Nominations Committee, the appointee will have served on the Committee for at least 12 months.

In the Chair's absence, if a member, the BHG Chair must not chair the Committee:

- if the Committee is dealing with remuneration matters; or
- if the Committee is dealing with the appointment of the successor to the BHG Chair.

The quorum is two non-executive directors.

MEETINGS

As required. Meetings usually called by the Secretary at the request of the Chair. Only members of the Committee have the right to attend meetings. Others may be invited to attend for all or part of any meeting.

PLANS AND POLICIES

<p>Approve:</p> <ul style="list-style-type: none">- Agreement for Service – Non-executive Directors- Non-executive Director recruitment and succession planning framework- Executive Remuneration Policy- Expenses Policy – Non-Executive and Executive Directors and the Chief Executive	<p>Review and make recommendations to the Board on:</p> <ul style="list-style-type: none">• the Governance Effectiveness Review process• the Board Succession Plan• the Board Skills Matrix
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DUTIES: NOMINATION - Leadership and succession planning

To keep under review:

- the Leadership needs, both Executive and Non-executive, to make a positive contribution with a view to ensuring Bromford’s long term success and its continued ability to deliver its strategy and to ensure it continues to meet the expectations of its stakeholders, Regulators and customers.
- the Board Skills Matrix to ensure that the structure, size and composition (including skills, knowledge, experience, diversity and independence) of the Board and Committees are fit for purpose and the make-up of the Board matches the requirements of the Matrix. **To make recommendations to the Board** with regard to any changes; (this process will include reviewing the outcome of the board performance evaluation process).
- the contribution of individual Board members and the skills and contributions they bring to ensure that they remain of value to the Board.
- succession planning for non-executive and executive directors **and make recommendations to the Board** – in particular the key roles of Chair of the Board and Chief Executive - taking into account the current challenges and opportunities, and the skills and expertise needed on the Board and committees in the future. The Committee will manage, review and monitor the Board Succession Plan;
- The Committee will also **make recommendations to the Board** in respect of the annual re-election process for Non-Executive Directors;
- The Board Effectiveness and Annual Appraisal process.

NOMINATION - Board membership

Board appointments:

- **Lead on the appointment of Chair of the Board**- prepare a job specification, including time commitment expected. Disclose a proposed Chair's other significant commitments to the Board before appointment and ensure that any changes to the Chair's commitments are reported to the Board as they arise.
- **Select and nominate for Board approval** candidates for the position of **Chair and Vice Chair**.
- **Select and nominate for Board approval** candidates to fill **all Board and Committee vacancies**.
- **Select and appoint Committee members who are not Non-executive Directors**.

The process will include an evaluation of the balance of skills, knowledge, experience, diversity and independence on the Boards and Committees and the preparation of a description of the role/capabilities required for a particular appointment.

In identifying suitable candidates, ensure:

- recruitment is carried out in compliance with the Board Recruitment Policy – where appropriate open advertising or the services of external advisers are used to facilitate the search.
- candidates from a wide range of backgrounds are considered.
- candidates are considered on merit and against objective criteria - with due regard for the benefits of diversity on the Board.
- appointees have enough time available to devote to the position.
- the terms set out in the Agreement for Services (Non-executive Directors) are fit for purpose.

New appointees. The Committee will ensure that:

- all proposed appointees are required to disclose any other business interests that may result in a **conflict of interest** and are required to report any future business interests that could result in a conflict of interest.
- on appointment, Non-executive Directors receive **a formal letter of appointment** (and Agreement for Services) setting out clearly what is expected in terms of time commitment, Board and Committee service and involvement outside board meetings.
- all Non-executive Directors satisfy the **independence criteria** set out in the UK Corporate Governance Code.

Existing appointees - review annually **the time required from Non-executive** Directors and to ensure that, as part of the annual re- elections process, NEDs are not over-committed elsewhere. Performance evaluation should be used to assess whether the Non-executive Directors are spending enough time to fulfil their duties.

NOMINATION – Appointments, dismissal and re-election

To make recommendations to the Board regarding

- proposals for succession planning for the Non-Executive Directors and Executive Directors.
- suitable candidates for the roles of **Chair and Senior Independent Director**.
- the appointment and, if necessary, dismissal of, the **Chief Executive** and his/her terms of employment, remuneration and benefits package in this respect.
- appointments (including the role of Chair to a Board/Committee) to the **Board and Committees** (other than Committee members who are **not NEDs** – those appointments are dealt with by this Nominations Committee).
- the re-election of any non-executive director on an annual basis and, if necessary, at the conclusion of their term of office taking into account their performance/skills, the skills/experience required and the need for progressive refreshing of the board.
- matters relating to the **continuation in office** of any Non-executive Director at any time - including the removal of a Non-executive Director from office or the suspension or termination of service of an Executive Director as an employee.
- arrangements for the **induction, development and appraisal** of Non-executive Directors. This will include arrangements for an annual effectiveness review of the Board and Committees and appraisal of individual Non-Executive Directors. Consideration will be given to the benefits of an externally facilitated evaluation being carried out at least every three years.
- appointment and removal of the Company Secretary

REMUNERATION - Remuneration and Pay Policy

The Committee will ensure that no director is involved in any decisions as to their own remuneration. In determining the policies:

- take into account all relevant factors including relevant legal and regulatory requirements.
- review and have regard to the remuneration trends across the organisation as a whole.
- when making decisions about Executive remuneration will review Colleague remuneration and related policies to ensure that reward, incentives and conditions are taken into account so that the Committee can explain in the annual report how pay decisions reflect wider company policy and to enable the Remuneration Committee to feedback to the Board on workforce reward, incentives and conditions to support the Boards monitoring of whether company policy and practices support culture and strategy;
- Keep under review the ongoing appropriateness and relevance of the policies;

Obtain up-to-date remuneration benchmarking information – within and outside the sector. The Committee will be mindful not to base pay arrangements solely on benchmarking.

The Committee will use appropriate discretion in determining remuneration outcomes. It will be mindful of perceptions arising from its decisions and will ensure that the individual outcome is reasonable and reflects the individual's contribution. It will ensure that no individual directors contract terms or scheme rules impedes

the Committee exercising these discretions.

To help it fulfil its obligations the Committee will have authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information. The Committee will be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee. Where a consultant has been appointed this should be identified in the annual report.

Non-Executive directors

- Develop and **make recommendation to the Board** on the policy and level of payment of non-executive directors.

Advisors to the Committees

- Develop and **make recommendation to the Board** on the level of payment (if any) for any Advisors to a Committee.

The Chief Executive, Executive Directors and Directors

- Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive, as appropriate, **agree** the total individual remuneration package of the Chief Executive, each Executive Director and Directors.
- Approve the design of, and agree the performance measures for, any performance related pay schemes for Executive Directors and Directors.
- Agree the policy for, and scope of, pension arrangements for the Chief Executive-and-Executive Directors and Directors.
- For new appointments, pension arrangements or payments in lieu should reflect those available to the workforce and that the Committee should exercise judgement in determining compensation payments, so that they reflect the departing directors' conduct and performance.

Termination

Ensure that Chief Executive and Executive Director contractual terms on termination, and any payments made, are fair to the individual, and the Board, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Executive Performance Award Scheme - Approve the awards of the executive performance scheme.

Company Secretary - Approve the remuneration of the Company Secretary.

Expenses - Approve the policy for claims for expenses from the non-executive and executive and functional directors and Chief Executive

PENSIONS

Pensions – To provide oversight to Bromford's pension arrangements; scheme membership and management; and general pensions issues relating to all staff. To receive a twice-yearly report about Bromford's pension arrangements. To make recommendations to the Board.

Specifically in respect of the Defined Benefit scheme(s):

- Provide oversight to the Exec Pensions Group around cash funding and investment strategy.
- Confirm the FRS102 assumptions.
- Report on outcomes from Exec Pensions Group to the Board.

Specifically in respect of the Defined Contribution scheme(s):

- Involvement in any new provider selection.
- Ensure auto enrolment and communications are being managed effectively.
- Report on outcomes from Exec Pensions Group to the Board.

For Clarity, in respect of Pensions –

THE ROLE OF THE BOARD IS:

- Sign off required on all material decisions.
- Set overall pensions strategy objectives.
- Ensure appropriate governance structure is in place such that decisions are delegated appropriately.

THE ROLE OF THE EXECUTIVE PENSIONS GROUP IS:

In respect of the Defined Benefit scheme(s):

- Manage the Company's role in actuarial valuations.
- Monitor the funding level and investment performance.
- Keep abreast of relevant pension matters eg RPI reform.
- Manage the LGPS exit debt strategy.
- Recommend the FRS102 assumptions and approach.
- Liaise with and recommend appointment of advisers where necessary.

In respect of the Defined Contribution scheme(s):

- Monitor member outcomes, risk and performance of the DC schemes.
- Regularly review alternative providers.
- Ensure auto-enrolment and payment of contributions requirements are met.
- Liaise with and recommend appointment of advisers where necessary.