

Appointments and Remuneration Committee

Terms of Reference

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| Number of Members | Up to six Non-Executive Group Board Members. |
| Membership | Up to six Non-Executive Group Board Members. The Group Chair may not be Chair of the Committee. In respect of appointments other than to the Group Board, the Committee can co-opt up to two additional Members. |
| Quorum | Three Members. The only business that may be transacted by an inquorate meeting is to arrange a time and date for the next meeting. |
| Frequency of Meetings | The Committee shall meet at least once a year. |
| Appointment of Members | Appointments to the Committee are made by Non-Executive Members of the Group Board and shall be for a period of three years. This may be extended by further periods of up to three years, provided the Member still meets the criteria for membership of the Committee. |
| The Chair | The Group Board shall appoint the Chair of the Committee. In the absence of the Chair, the remaining Members present shall elect one of themselves to chair the meeting. The Chair of the Committee shall not act as the Chair when matters concerning the succession of the Chair or their remuneration are being considered. |
| Reporting | Minutes of Committee meetings shall be agreed by the Chair and circulated to Members. |

5. Terms of Reference and Delegated Authority of Appointments and Remuneration Committee (ARC)

5.1 The Group Board is responsible and accountable to ensure that:

- The Group is governed effectively
- Boards and Committees are populated and succession plans are in place
- Board and Committee Members have the requisite skills to enable the Group to manage its affairs competently to achieve its strategic plans

5.2 The Group Board has delegated some of its work in relation to these matters to the Appointments and Remuneration Committee. The Committee shall ensure that it discharges its delegations in compliance with the Group's Code of Governance.

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| <i>Appointments and Re-appointments</i> | <ul style="list-style-type: none"> • Make a recommendation to Group Board on changes to the structure, size, quorum and composition of the Board • Review Board membership, skills and diversity, making recommendations to Group Board • Make a recommendation on role descriptions, person specifications based on the skills required for the respective board or committee, having regard to diversity for approval by Group Board • Make a recommendation to Group Board and the associated resolutions for the AGM on: <ul style="list-style-type: none"> ▪ Recruitment, appointment and re-appointment of: <ul style="list-style-type: none"> ○ the Group Chair, ○ Vice Chair ○ Chairs of the subsidiary boards and committees, ○ Members of all boards and committees (including co-optees) ○ Executive Director to the Group Board following a nomination by the Chief Executive Officer • Having regard for the skills needs of the boards and committees, succession planning and current performance, the Committee shall: <ul style="list-style-type: none"> ▪ Consider Board diversity to ensure healthy debate, challenge and a range of perspectives ▪ Consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position ▪ Ensure that business interests are disclosed prior to an appointment being made to determine any conflicts of interest. ▪ Ensure a formal letter of appointment is provided, setting out clearly what is expected including time commitment, committee service and involvement outside board meetings |
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| | <ul style="list-style-type: none"> ▪ Ensure compliance with the Code of Governance 2015, in particular section D and E. • Ensure that directly nominated Board Members bring skills and experience which meet the needs of the Board and they are fully aware of their responsibilities • Make a recommendation to Group Board on: <ul style="list-style-type: none"> ▪ The appointment (including terms and conditions) of the Chief Executive ▪ Appointments to the Executive Team (including terms and conditions) ▪ The shortlisting/appointment of a person who has a close connection with a Board Member or Executive member |
| <i>Learning and Development</i> | <ul style="list-style-type: none"> • Approve the Board Induction programme and ensure it is implemented and complied with • Approve the Board training and development programme • Approve the policy/framework and procedures in respect to board and committee appraisals and ensure it is implemented and complied with • Review the results of any board and committee appraisal process |
| <i>Succession</i> | <ul style="list-style-type: none"> • Make recommendation on the skills matrices for the Group's boards and committees for ratification by the relevant board or committee • Make recommendation on the Succession strategy/plans for the Group's boards and committees, for ratification by the relevant board or committee |
| <i>Remuneration</i> | <ul style="list-style-type: none"> • Make a recommendation to Group Board (using independent advice and benchmarking if required) on: <ul style="list-style-type: none"> ▪ Board Members' pay and remuneration policy and individual package ensuring that payments to Non-Executives are <ul style="list-style-type: none"> ○ Permitted by law and by the organisations own constitution; ○ In the best interests of the organisation; ○ Reasonable and proportionate to the organisation's size complexity and resources; ○ Linked to the carrying out of the specified duties of the post, against which performance must be reviewed; and ○ Fully disclosed on a named basis in the organisation's annual financial statements • Make a recommendation on the remuneration package of the Chief Executive Officer (CEO) • Changes (permanent & temporary) to terms and conditions and/or remuneration package for the Executive Team <ul style="list-style-type: none"> ▪ Changes to job title, reporting relationships & notice periods ▪ Exit payments, gifts or benefits (including pay in lieu of notice) ▪ Non-contractual payments, including the payment of outstanding leave and granting of garden leave (by |

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| | <p>exception as the Group do not normally allow these practices)</p> <ul style="list-style-type: none">• Make a recommendation on new pension plans or changes in existing plans or closures of existing pension plans• Make a recommendation on requests for professional advice including financial or pension advice requests• Ensure compliance with the NHF Code of Governance 2015 and the appropriateness of the remuneration framework• People Strategy• Approve:<ul style="list-style-type: none">▪ scheme▪ Payments or benefits that fall outside the Group's terms and conditions and Policy e.g. retention, honorarium, bonus, ex-gratia payments, healthcare etc▪ Appointments to the Senior Leadership Team (including terms and conditions)▪ Changes (permanent & temporary) to terms and conditions and/or remuneration package for the Senior Leadership Team including:<ul style="list-style-type: none">○ Changes to job title, reporting relationships & notice periods○ Exit payments, gifts or benefits (including pay in lieu of notice)○ Non-contractual payments, including the payment of outstanding leave and granting of garden leave (by exception as the Group do not normally allow these practices)• Approve for Ratification for Group Board:<ul style="list-style-type: none">▪ All restructures involving of redundancy payments of £50,000 or more for an individual, including strain on the pension fund payments.▪ All ill health retirement requests where there is a strain on the pension fund payment or a financial impact on the pension fund in of £50,000 or more.▪ All compensatory payments of £50,000 or more made as part of any settlement agreement (not related to redundancy), includes all contractual payments made excluding salary.▪ The annual pay award.▪ All changes to Group HR policies or practices where the change enhances or reduces employee remuneration, entitlements, benefits or terms and conditions of employment. |
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