

TERMS OF REFERENCE

GROUP NOMINATIONS AND REMUNERATION COMMITTEE

A Board Committee, directly accountable to the Board, the Group Nominations and Remuneration Committee's principal purposes are to:

- manage the selection process for, and recommend to the Board, Independent and Executive Board candidates and lead on succession planning for the Board and the Society Executive; and
- assist and advise the Board on matters relating to the remuneration of the Board and Society Executive.

In all its deliberations, the Group Nominations and Remuneration Committee will:

- focus on recruiting, retaining and motivating a high quality and high-performing workforce,
- operate with maximum transparency using evidence-based decision making, including consideration of internal and external relativities,
- use members' money wisely; and
- consider the risk of business decisions leading to customer detriment (Conduct Risk).

1. **Membership**

- 1.1 The Committee shall comprise at least five members, at least two of whom shall be independent non-executives and at least two of whom shall be branch-nominated non-executives. Members of the Committee shall be appointed by the Board and shall normally include the Board Chairman.
- 1.2 The Committee shall normally be chaired by a Branch-nominated non-executive member, recommended by the Board and agreed by the Committee. In the absence of the Committee Chairman, members of the Committee may elect another of its members to Chair the meeting. The Board Chairman may not chair the Committee.
- 1.3 The Chief Executive and the Chief Operating Officer shall be invited to attend all or part of meetings of the Committee.
- 1.4 Only members of the Committee have the right to attend meetings, however, others may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Board or by the Group Nominations and Remuneration Committee.
- 1.5 Membership of the Committee will rotate from time to time in the event of any such recommendation from the Group Nominations and Remuneration Committee being agreed by the Board.
- 1.6 If a member of the Committee is unable to act due to absence, illness or other cause, the Board Chairman may appoint another Board member to serve temporarily as an alternative member.

2. **Secretary**

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

3. **Decision-Making and Quorum**

- 3.1 All members of the Group Nominations and Remuneration Committee shall have equal voting rights and the Chairman shall have a casting vote. Exceptionally, decisions may be taken by email between meetings.
- 3.2 Four members shall constitute a quorum at any meeting of the Committee.

4. **Frequency of Meetings**

The Committee shall meet at least four times a year at appropriate times and as otherwise required. Meetings shall be held as dictated by the timing of the Society Conference and election schedule, as set out in the annual governance calendar. Additional meetings will be convened by the secretary of the Committee at the request of any of its members or

attendees, or as dictated by any requirement to appoint independent Board members or members of the senior management team.

5. **Notice of meetings**

Unless otherwise agreed, the agenda and supporting papers shall be circulated (electronically where possible), to Committee members and to any other person required to attend, no later than 5 working days before the date of the meeting.

6. **Minutes of Meetings**

6.1 Minutes of meetings will be agreed by the Chairman of the Committee and distributed with the agenda and papers for the next Board meeting.

6.2 The Committee minutes will be formally approved at the start of the following meeting of the Committee.

7. **Annual General Meeting**

The Committee Chairman shall attend the annual general meeting to respond to questions from delegates on the Committee's activities.

8. **Duties**

The Committee shall carry out the duties below for The Benenden Healthcare Society, Benenden Wellbeing Ltd and The Benenden Charitable Trust. The Committee will maintain a dialogue with the Nominations and Remuneration Committees of The Benenden Hospital Trust.

8.1 In Relation to the Board:

8.1.1 Identify and review the skills, knowledge and experience required to achieve the appropriate experience, expertise and balance on the Board, giving due consideration to diversity, and then report its findings to the Board;

8.1.2 Review the structure, size and composition of the Board and recommend any changes to the Board.

8.1.3 Review the core competencies required for all non-executive members of the Board.

8.1.4 Determine appropriate processes for the nomination and election of Branch-Nominated non-executive Board members.

8.1.5 Prepare a description of the role and capabilities required for the appointment of any independent non-executive Board member, identify Independent Eligible Persons (as defined in the Society's Rulebook: R29.2) through a process of open competition (and on the basis of merit and against objective criteria), and recommend to the Board those who meet the required skills, knowledge and experience, and who are willing to be candidates for election to the Board.

8.1.6 Oversee the interview and due diligence process for candidates for election to all Board positions.

8.1.7 Review the time commitment required from Board members and ensure that any performance evaluation takes into account time spent on fulfilling Board duties.

8.1.8 On the basis of merit and against objective criteria, recommend to the Board the Executive Directors who, under Rule 26.1 and their FCA/PRA Approved Person status, are to be nominated as candidates for election to the Board. This will normally be the Chief Executive and the Chief Financial Officer.

- 8.1.9 Ensure that, on election to the Board, all Board members receive a formal letter of appointment setting out clearly their duties and expected time commitment.
 - 8.1.10 Ensure effective succession planning for Board members taking account of future challenges and opportunities faced by the Benenden group.
 - 8.1.11 Make recommendations to the Board concerning the nomination for re-election of any independent non-executive Board member at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.
 - 8.1.12 Make recommendations to the Board regarding the size and membership of Board Committees and the boards of controlled bodies.
 - 8.1.13 Lead the annual Board performance evaluation process, review the results of the process and review the system of performance evaluation used for the Board.
 - 8.1.14 Work with the Trustees of The Benenden Charitable Trust in the identification and selection of suitable candidates for appointment to the Board of Trustees.
 - 8.1.15 Approve changes to the Responsibilities Map and the Board Handbook where these are substantive (i.e. where such changes do not arise from a decision of, or have not previously been agreed/noted by, the Board).
- 8.2 In Relation to the Society Executive:
- 8.2.1 Before any appointment to the senior management team is made, evaluate the balance of skills, knowledge and experience of senior management, giving due consideration to diversity and, in the light of this evaluation, approve a description of the role and capabilities required for the particular appointment as recommended by the Chief Executive. In the case of the Chief Executive, such recommendation will be for the approval of the Board.
 - 8.2.2 Approve a description of the role and capabilities required for the roles of Company Secretary or Society Secretary and recommend to the Board individuals for appointment to those roles.
 - 8.2.3 Ensure that best practice principles are applied to the recruitment processes for the senior management team.
 - 8.2.4 Having regard to the recommendation of the Chief Executive, approve appointments to positions which report directly to the Chief Executive.
 - 8.2.5 Assist the Chief Executive in any matters relating to the suspension or termination of service of any of his direct reports as an employee of the Society, subject to the provisions of the law and their service contract.
 - 8.2.6 Ensure effective succession plans are in place for the Chief Executive and the senior management team, taking account of future challenges and opportunities faced by the Benenden group.
 - 8.2.7 Oversee any investigation of matters arising from the need to invoke Rule 28.3 or 28.4 (Removal of Officers).
- 8.3 In Relation to Remuneration:
- 8.3.1 Determine the contractual terms and total remuneration package (including bonuses) for the Chief Executive, the Society Executive, the Company

Secretary, the Society Secretary and the Deputy Secretary, advising the Board of its determinations.

- 8.3.2 Ensure that contractual terms for the Chief Executive and his direct reports on termination, and any payments made, are fair to the individual and to the Society.
- 8.3.3 Approval of the overall approach to reward for all entities within the Benenden group other than The Benenden Hospital Trust ensuring due attention is given to the pay and conditions of the wider workforce including:
- the transparency of remuneration structures;
 - the alignment of incentives and rewards for the Society's values, purpose and culture;
 - the link between reward and the delivery of strategy and long-term performance;
 - avoiding the rewarding of poor performance;
 - proposed changes to pension arrangements;
 - opportunities to engage with the workforce to explain how executive remuneration aligns with the wider Rewards strategy.
- 8.3.4 Approve the total sum available for annual staff pay awards in line with the assumptions made in the Society's annual business plan.
- 8.3.5 Approve the Board expense rates
- 8.3.6 Approve the Society's statutory Gender Pay Gap reporting
- 8.3.7 Approve the Expenses Policy for all entities within the Benenden group other than The Benenden Hospital Trust.
- 8.3.8 Make recommendations to the Board on remuneration for non-executive Board members, as allowed by the Society's rules.
- 8.3.9 Ensure that remuneration for members of the Society Executive:
- Is aligned with the Benenden group's values, purpose and culture;
 - Is set at a level which is designed to promote the delivery of the strategy and long-term success of the Benenden group;
 - Considers the broader operating context of the Benenden group including the pay and conditions of the wider workforce.
- 8.3.10 Review the remuneration and terms and conditions of the senior executive staff (the Chief Executive, his direct reports and any other person who is directly accountable to the board of the group entity to which his/her services are provided) in the Benenden group to ensure that there are no significant anomalies and, if appropriate, provide advice to the relevant group entity.
- 8.3.11 Approve termination payments, ex-gratia or compensation, in excess of £100k.
- 8.3.12 Compare the levels of remuneration for the Society Executive and non-executive Directors with remuneration in the wider market and in other relevant organisations.

9. Reporting Responsibilities

- 9.1 The Committee shall provide, for discussion at the next Board meeting, a 1-page summary of each of its meetings, noting key decisions taken, along with any decision required of the Board.
- 9.2 All minutes of the Group Nominations and Remuneration Committee shall be provided, for information, to the next available Board meeting.

- 9.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.4 The Committee shall produce:
- a report of its activities, including the Benenden group's diversity policy to be included in the Society's annual report;
 - a report of the Society's remuneration policy and practices which will form part of the Society's annual report and ensure each year that it is put to members for an advisory vote at the Society's annual conference.
- 9.5 The Committee will identify in its annual report:
- Any appointments made without external advice or open advertising, and the reasons for that,
 - Any recruitment agency it has used during the year, stating whether such agency has any connection to the Society,
 - Any remuneration consultants it has appointed during the year, the nature of the services provided, whether the consultants have any connection to the Society, and how the Committee has satisfied itself that the advice received was objective and independent.

10. **Other Matters**

The Committee shall:

- 10.1 Work and exchange information with all other Board Committees.
- 10.2 Have access to sufficient resources in order to carry out its duties, including access to the HR Team and the Governance, Risk & Compliance Department for assistance as required;
- 10.3 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;
- 10.4 Give due consideration to laws and regulations, the provisions of the AFM Corporate Governance Code and any other applicable rules, as appropriate;
- 10.5 Oversee any investigation of activities which are within its terms of reference;
- 10.6 At least once a year, review its own performance and its terms of reference to ensure it is operating at maximum effectiveness, recommending any changes it considers necessary to the Board for approval.

11 **Authority**

The Committee is authorised through delegated authority from the Board:

- 11.1 To seek any information it requires from any employee or director of the Benenden group in order to perform its duties;
- 11.2 To employ the services of any external consultant or other professional adviser as it thinks fit.
- 11.3 To obtain reliable, up-to-date information about remuneration in other relevant organisations to enable effective comparison of executive/non-executive levels of remuneration.
- 11.4 To obtain external legal or other independent professional advice on any matter within its remit, as required.
- 11.5 To request the attendance of any employee at a meeting of the Committee as and when required.