

# Governance Manual

as at 25 November 2021

Author: Company Secretary	Issue date: 25 November 2021
Approved by: Group Board	Date approved: 24 November 2021
Review due:	23 November 2022

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# 1 Introduction

The Group Board operates in accordance with its legal powers and responsibilities derived from statute, the company's articles of association and general law. It has created a corporate governance structure to allow it to use those powers, directly and through delegation, in order to ensure good corporate governance. This Manual describes the various bodies in the Group through which governance is delivered and sets out detailed provisions relating to the operation of those bodies.

The Group Board has regard to generally accepted standards of corporate governance in discharging its powers and responsibilities. To that end it has adopted an external governance code, the UK Corporate Governance Code ("the Code"), to assist it. The Code sets out the following principles:

## 1.1 Board Leadership and Company Purpose

- A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.
- B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.
- C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.
- D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.
- E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

## 1.2 Division of Responsibilities

- F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.
- G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.
- H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.
- I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

### 1.3 Composition, Succession and Evaluation

- J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
- L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

### 1.4 Audit, Risk and Internal Control

- M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.
- N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.
- O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

### 1.5 Remuneration

- P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.
- Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.
- R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

## 2 Governance Framework

The Group Board manages governance through its own activity and that of its committees, the boards of Group subsidiaries and the Executive team, all of which are accountable to the Group Board.

### 2.1 Places for People Group Limited

This is the “**Group parent**” and holder of a controlling interest in all Group members. It is a non-asset holding company limited by guarantee and is registered in England. Its members are the non-executive members of its board of directors from time to time. It has no external shareholders. It cannot distribute profit by dividend.

The Group Board has identified the following areas as the main focus for its activity:

1. Group purpose, strategy, values, culture and governance;
2. customer experience and engagement;
3. colleague engagement;
4. approval of the consolidated Group business plan;
5. agreeing, as part of the business planning process, target returns, acknowledging that different measures of return (ROCE/EBITDA) might be appropriate for different businesses and different levels of return might be appropriate for different businesses;
6. protecting social housing assets, safeguarding taxpayers’ interests and the reputation of the regulated social housing sector and engagement by the Group with relevant housing regulators;
7. continuing resource allocation (covering all types of resource);
8. funding (including treasury management);
9. the review and monitoring of overall Group business (including investments and joint ventures):
  - (a) operational performance
  - (b) compliance
  - (c) health, safety and wellbeing
  - (d) financial performance;
10. setting strategy for investments/disposals including registered provider mergers/transfers of engagements.

The Group contains a number of registered providers of social housing (“RPs”) and registered social landlords (“RSLs”). The Group parent has a controlling interest in the English RPs and a Scottish RSL. Together, these make up the Group’s “**Regulated Businesses**”. The Group parent has committed itself to direct the Group in a manner that provides certain protections for the Regulated Businesses. Details may be found under “Regulated and Non-Regulated Businesses: co-ordination and protections”.

Certain matters are reserved to the Group Board. This can be an absolute arrangement by which authority on a specified matter rests only with the Group Board or a qualified arrangement by which relevant authority may be delegated by the Group Board to some other body within the Group’s governance framework (such as a Group Board committee, a subsidiary board or management) up to declared limits.

The Group Board relies on boards of certain subsidiaries to contribute to effective governance and it has also established a number of standing committees and may from time to time establish working parties to assist it. General descriptions of the remit of each subsidiary board, committee

or working party are set out below but those descriptions do not limit the terms of reference of each committee or working party.

Each committee and working party of the Group Board is expected to have regard to the regulatory obligations of any subsidiary when considering a proposal in relation to that subsidiary or when considering proposals that may have varying impact across a range of Group subsidiaries.

## **2.2 Audit & Risk Committee**

The Committee reviews the financial statements of members of the Group (including but not limited to each regulated housing provider of social housing within the Group) and the audit processes followed in connection with them. It promotes good processes to ensure high standards of control and compliance and monitors the management approach to those things.

The Committee reviews the strategic risks faced by the Group and the approach taken by management in relation to managing risk.

## **2.3 Remuneration & Nominations Committee**

The Committee considers the policy for reward across the Group. It approves any pay increases, bonus arrangements, long term incentive arrangements and pension arrangements for executive directors and the company secretary. It also sets fee levels for non-executive members of the Group Board and for members of subsidiary boards and customer representative bodies within the Group.

The Committee assesses the skills and experience needed on the Group Board in executive and non-executive capacities and makes recommendations in relation to suitable candidates. It approves recommendations for appointments to subsidiary boards.

The Committee reviews the Group's governance framework and advises the Group Board on key governance issues.

## **2.4 Development Committee**

The Committee is charged by the Group Board with exercising oversight in relation to the Group's existing development and placemaking activity. It monitors project management as well as operational and financial performance in relation to existing projects.

The Committee scrutinises management initiatives for significant new activity prior to them reaching the stage of being presented for board approval.

## **2.5 Treasury Committee**

The Committee, on behalf of the Group Board, sets treasury strategy for the Group and is responsible for overseeing the management of the Group's financial assets, its financial liabilities and its liquidity position.

## **2.6 Pensions Working Party**

The Working Party addresses material pensions projects (including litigation) and makes recommendations to the Group Board on appropriate courses of action. Most of the defined benefit pension cost and risk across the Group rests with subsidiaries involved in social and affordable housing provision.

## **2.7 Places for People Treasury plc**

This company is a wholly-owned subsidiary of the Group parent. It is limited by shares and is registered in England.

The company is the treasury vehicle for the Regulated Businesses and is responsible for managing the financial assets, financial liabilities and liquidity position of the Regulated Businesses.

It is responsible for raising capital to support the Group's Regulated Businesses in connection with their business plans in each year.

It draws on the services of the Group's treasury function.

## 2.8 Places for People Ventures Limited

This is a direct subsidiary of the Group parent and within the Group structure it is the senior company that is not involved with social and affordable housing provision. The company's board has the same membership as that of the Group parent.

The company has a controlling interest in a number of subsidiaries. Together, these make up the Group's "**Non-Regulated Businesses**".

It is a company limited by shares and is registered in England. It is able to distribute profit by dividend to its shareholders among which is Places for People Homes Limited, one of the RPs.

The company's board is concerned with the performance and value of the operating businesses in which it has invested. In that context, 'value' may be measured in a number of ways including profitability leading to dividend, capital growth, social impact and the enhancement of the Group's wider placemaking capacity.

## 2.9 Places for People Finance plc

This company is a wholly-owned subsidiary of the Group parent. It is limited by shares and is registered in England.

The company is the treasury vehicle for the Non-Regulated Businesses and is responsible for managing the financial assets, financial liabilities and liquidity position of the subsidiaries in the Non-Regulated part of the Group.

It is responsible for raising capital to support the Group's Non-Regulated Businesses in connection with their business plans in each year.

It draws on the services of the Group's treasury function.

## 2.10 PfP Capital Limited

This company is a wholly-owned subsidiary of the Group parent. It is limited by shares and is registered in England.

The company acts as a manager of third party investor funds. Other Group companies may be investors in some of its funds. The company's approach in each fund will be influenced by the views of its investors in that fund. It will establish a forum to engage with the investors in each fund and any Group investor may be represented in the relevant forum but it will have influence only in proportion to the level of its investment in order that the company can demonstrate an even-handed approach to the interests of its different investors.

The company's board consists of some Group Board members but a majority of people who are both non-executive and independent of other Group companies. The board will operate a Risk & Compliance Committee, an Investment Committee and a Remuneration Committee. Those committees will report to the board of the company. That board will not report to the Group Board in respect of fund management decisions taken for specific funds.

There will be liaison between the Group Board's Audit & Risk Committee and the senior management of the company to seek assurance that the company has in place a suitable system of risk control and compliance. Responsibility for ensuring that the system is fit for purpose and functions properly rests with the Risk & Compliance Committee of the board of the company.

## 2.11 Pensions

Places for People Pension Trustee Limited is the corporate trustee of the Group's defined benefit pension scheme. The members of its board are appointed by the Group Board or by the scheme members.



## 2.12 Places for People International Limited

This company considers growth and social impact opportunities for the Group outside the UK.

## 3 Matters reserved to the Group Board

To enable it to offer suitable leadership and control, the Group Board has reserved the following matters to itself:

### 3.1 Appointments/Removals

1. Approval of recommendations (from the relevant Group Board committee, the Group Chair or the Group Chief Executive) for appointment of any executive director or non-executive director to a position on the Group Board or the boards of any of Places for People Ventures Limited, Places for People Treasury plc, Places for People Finance plc and PfP Capital Limited.

The exception to this provision applies in a situation in which all members of the Group Board have been incapacitated such that the Board is unable to hold a quorate meeting. In such an event, appointments may be made to the Group Board by the holders for the time being of the posts of Group Financial Controller and Managing Director of Places for People Homes Limited (or their nearest equivalent in the then prevailing management structure). Up to three appointments may be made in such an event, each for an initial term of twelve months. The appointees would then operate in accordance with the then current Governance Manual in order to further strengthen the Board and/or to take any decisions required in connection with the Group's business.

2. Removal from office of any member (executive or non-executive) of the Group Board in accordance with the prevailing articles of association (but, for the avoidance of doubt, any such removal shall not automatically operate to terminate the employment of any executive director).
3. Appointment and removal of the Group Company Secretary.
4. Appointment to and/or removal from the positions of the Chair of the Group Board and Senior Independent Director of the Group Board from time to time.
5. Appointment and/or removal of the Group's bankers, auditors and principal solicitors.
6. Approval of applications for (shareholding) membership of the Group parent company and removal of members in accordance with the Group Board's powers.
7. The exercise of any power of appointment to or removal from shareholding membership of a Group subsidiary that the Group parent may enjoy.
8. Appointment of any employer nominated member of the board of the corporate trustee of the Group's defined benefit pension scheme.

### 3.2 Finance

9. Agreement of Group borrowing policy provided that the power of agreement/variation may be delegated to (and withdrawn from) any board of a subsidiary or any committee of the Group Board.
10. Approval of Group parent company and Group consolidated financial statements and associated reports.

### 3.3 Strategic/Policy Issues

11. Approval of the Group strategic plan and annually approving the Group consolidated business and financial plans.

12. The exercise of any powers conferred on the Group parent in connection with the constitutions, membership or Group Board representation on the boards of Group subsidiaries from time to time.
13. Approval of any material change in the Group's business activity.
14. Approval of changes to the Group parent company's articles of association.
15. Approval of the Group purpose, strategy, values and culture.
16. Approval of any example of the following (whether recommended by management or by a subsidiary board) unless it falls within authority delegated by the Group Board to one of its committees, the board of a subsidiary or to management:
  - a. investments/capital expenditure/asset disposals or contracts containing commitments to material expenditure/asset disposals;
  - b. any corporate merger or acquisition;
  - c. any divestment of a Group company/association or the entire business of a Group company/association;
  - d. any application by any community benefit society or similar organisation to join the Group and any terms on which such membership of the Group is granted;
  - e. any joint venture arrangement.

### **3.4 Delegation of authority**

17. Approving, reviewing and amending (where it considers it necessary) the terms of reference of any committee of the Group Board or the Places for People Ventures Limited board.
18. Setting and approving amendments to the Group Governance Manual and, specifically, the schedule of delegations to management.
19. Setting and approving amendments to this list of matters reserved to the Group Board.

### **3.5 Conflicts and related party transactions**

20. Approval of any policy on conflicts of interests.
21. Approval of any policy on related party transactions and approval of any transaction with a Group Board member (executive or non-executive) or a related party or any transaction in which a Group Board member or a related party has an interest.

### **3.6 Miscellaneous**

22. Setting and approving amendments to the disciplinary procedures for non-executive directors/Group Board members.
23. Approval of any political donations.
24. Approval of any policy on charitable donations.
25. Approval of commencement or settlement of material litigation/arbitration.
26. Approval of any proposal for any Group member to give any guarantees, indemnities or securities in respect of non-Group entities or persons.

## **4 Financial Controls in Governance Framework**

### **4.1 Financial rules**

The Group has a number of key financial rules to which it adheres. They apply at a Group level and are:

- a) Interest cover is above 1.2
- b) Operating margin is above 20%
- c) Gearing is below 60%
- d) Interest rate exposure is below 70%.

Compliance with the financial rules allows the Group to pursue its treasury strategy from which the Regulated and Non-Regulated Businesses benefit. Those businesses, individually and collectively, are required to set, monitor performance against and adjust their business activity in order that, overall, the Group continues to observe the financial rules.

## 4.2 Intra-Group lending and guarantees

The default position for the Group is that there shall be no lending or guarantee provided between the Group's Regulated and Non-Regulated Businesses. This ensures the protection of the Group's social housing assets.

On the rare occasions where a third party's requirements prevent the adoption of this separation of interests, the Group shall require the subsidiaries involved in the transaction to take measures to ring fence cash on the relevant side of the Group to ensure that any liabilities from one side of the Group can be met on the other in the event of default, thereby fully protecting the assets of the lender/guarantor.

Places for People Homes Limited holds an investment of £200 million in shares in

Places for People Ventures Operations Limited. It expects a dividend on that

investment. No further equity investment will be made by any of the Regulated Businesses in any of the Non-Regulated Businesses.

## 4.3 Investment criteria: generally

- 4.3.1 Investment proposals may be considered variously by management, a subsidiary board and/or the Group Board (or one of its committees) depending on the nature and scale of the proposed investment and how it relates to any list of reserved or delegated matters within the governance framework.
- 4.3.2 Investment proposals must be considered in accordance with prevailing legislation. This will include considering how the proposal will promote the success of the company making the investment (currently set out in s.172 Companies Act 2006), regardless of whether that company is part of the Regulated Businesses or the Non-Regulated Businesses.
- 4.3.3 In addition, any charitable company must only invest in ways that are consistent with its charitable objects.

## 4.4 Investment criteria: Regulated Businesses

- 4.4.1 Where the proposal involves the making of an investment by one or more of the Regulated Businesses, in addition to complying with any statutory standards, the decision to invest must be considered by the decision-making manager or board to achieve at least one of the following **purposes**:
  - a) an increase in the provision of affordable housing
  - b) an increase in the speed at which affordable housing is provided
  - c) an increase in the provision of housing through regeneration projects or

projects in conjunction with Local Authorities or Homes England

- d) enabling the Regulated Business to hold property assets which generate a commercial return and provide the Regulated Businesses access to liquidatable assets, for example PRS assets
- e) improving the standard of the Group's affordable housing portfolio and making tenancies more sustainable for customers.

[Note that purpose 1.4(d) is unlikely to meet the charitable objects test and so should not be relied upon to support investments in the names of Cotman Housing Association Limited, Chorus Homes Limited, Places for People Living+ Limited or Castle Rock Edinvar Housing Association Limited.]

4.4.2 When considering a proposal to invest in order to achieve one of the stipulated purposes, the decision-making manager or board will consider the following **criteria**:

- a) Can the Regulated Business afford to make the proposed new investment?
- b) Can the Regulated Business afford to manage the impact if the risks associated with the totality of its investments materialise?
- c) Has the Regulated Business considered alternative investment options?
- d) Does the benefit of the investment outweigh the risks?
- e) Is this investment consistent with the Regulated Business' purpose/strategy?

and will provide a fully reasoned answer to the question(s) in the paper proposing the investment.

## 4.5 Treasury vehicles, financing strategy and treasury policies

The Group maintains a clear distinction between its Regulated Businesses (being the RPs and RSL) and its Non-Regulated Businesses. Borrowing is undertaken separately for each set of businesses with no recourse between them. Places for People Treasury plc is the treasury vehicle for the Regulated Businesses. Places for People Finance plc is the treasury vehicle for the Non-Regulated Businesses.

The Group's financing strategy for the Regulated Businesses is based on two core strands:

- a) the diversification of the investor base; and
- b) maintaining the debt portfolio to a minimum of 60% unsecured.

The Group seeks to raise finance from diverse sources to minimise dependence on any one lender, investor or market. The Group has been successful in diversifying both the capital markets investor base and the Group's banking facilities providers, the latter enabling the Group to increase liquidity without impacting on gearing.

Unsecured debt is much more flexible and more efficient to issue. This enables the Group to take advantage more quickly of opportunities as and when they arise and helps to attract a wider investor base. The majority of new debt is issued off the Group's Euro Medium Term Note Programme which has the following covenant:

- Net available properties value > 1.1 times total unsecured debt.

As well as attracting new unsecured investors, opportunities will continue to be sought to proactively manage existing secured debt, replacing it with new unsecured debt using a variety of

liability management exercises. This will also ensure the Group maintains, and increases, its pool of unencumbered assets.

In addition to following the financing strategy the Group's borrowings will be structured to ensure compliance with the Group treasury policies:

- a) minimum 12 month forward cash commitment;
- b) P&L interest cover greater than 1.2x;
- c) gearing less than 60%;
- d) at least 70% of debt to be fixed interest rate; and
- e) all foreign exchange exposure fully hedged.

These policies, together with the unsecured debt covenant, are designed to ensure compliance with the Group's main debt covenants. There are a number of facilities within the subsidiaries of the Group but providing that the Group covenants are complied with, any potential issue at a subsidiary level could be addressed by the Group through either partial repayment of the facility or renegotiation with the investor.

The Non-Regulated Businesses are funded by a one-off equity injection from Places for People Homes Limited and a £65m bond issuance. Any debt that the Non-Regulated Businesses raise in the future will not be guaranteed by any of the Regulated Businesses.

## 5 Regulated and Non-Regulated Businesses: Co-Ordination and Protections

### 5.1 Principles

The principles governing the relationship between the Group parent and the Regulated Businesses shall include:

1. the Group parent will support the Regulated Businesses to meet their regulatory obligations;
2. the Group parent will not take any action that would cause any of the Regulated Businesses to be in breach of its regulatory obligations;
3. the committees of the Group Board will have regard to the particular requirements and sensitivities of the Regulated Businesses when discharging responsibilities delegated to them by the Group Board;
4. Group Board executive directors and members of Group management who perform a role that affects the Regulated Businesses and the Non-Regulated Businesses will have regard to the regulatory obligations of the former when discharging their duties;
5. common sources of corporate and support services will be used across the Group where possible but the Regulated Businesses will not be obliged to use a supplier (internal or external) that can be shown to be unsuitable in nature, performance quality or value;
6. the cost of internal services (including executive director attention) will be allocated proportionately;
7. there will be service levels agreed in relation to key intra-Group services with remedies prescribed for both service user and service provider;
8. where there is disagreement in relation to the operation of the relationship, the specific matter shall be escalated and addressed through a meeting of the Group Chair, the Senior Independent Director, the Group Chief Executive and the Group Affordable Housing Director.

## 6 Audit & Risk Committee

### 6.1 Constitution

- 6.1.1 Committee members and the chair of the Committee shall be appointed by the Group Board having regard to any recommendation made by the Remuneration & Nominations Committee. Only non-executive directors may be Committee members.
- 6.1.2 There shall be at least three members of the Committee. If the number of members falls below three, the Group Chair shall appoint an additional member with any such appointment being notified to and ratified by the Group Board. At least one member must have a full current understanding of published accounts. The Chair of the Group Board shall not be a member of the Committee.
- 6.1.3 The Committee chair may co-opt to the Committee any other non-executive of any Group company for any meeting and any co-opted Committee member shall count towards the quorum and shall (subject to any impediments caused by the co-opted member's declared interests) be entitled to participate in and vote on Committee business.
- 6.1.4 A quorum for any meeting of the Committee shall be two members.
- 6.1.5 5 Only Committee members shall have the right to attend meetings of the Committee. The Committee will normally invite one or more representatives of the external auditors to attend its meetings. The Committee may invite such members of the Group's management team to attend any meeting as it thinks appropriate and there shall be a presumption of such an invitation to the Group Finance Director and to the Group Director of Assurance for every meeting.
- 6.1.6 At least once a year the Committee shall meet separately with each of the Group Director of Assurance and external auditor without other officers being present.
- 6.1.7 Meetings of the Committee may be held and resolutions of the Committee made by any means permitted in the articles of association of the Group parent for a meeting or resolution of the Group Board.
- 6.1.8 The Committee investigates on behalf of the Group Board any activity within its terms of reference. It is authorised to seek the information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 6.1.9 The Committee may in connection with any tasks within its remit commission outside legal or other independent professional advice and secure relevant experience and expertise if it considers this necessary.
- 6.1.10 The Committee shall make whatever recommendations to the Group Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.1.11 The Group Company Secretary shall be secretary to the Committee but any person may attend in place of the Group Company Secretary to take minutes and administer any meeting. Committee members shall have access to the Group Company Secretary in connection

with their Committee activity.

## 6.2 Frequency of Meetings

- 6.2.1 Meetings are normally held five times a year but the Committee may convene a meeting at any time. The external auditor may also request additional meetings if the auditor considers it necessary.

## 6.3 Terms of Reference

- 6.3.1 The Committee shall carry out the duties set out in these terms of reference under the headings External Audit, Internal Controls & Assurance and Strategic Risk in relation to the parent company, major subsidiary undertakings and, subject to sub-paragraph 3.3, the Group as a whole as appropriate.
- 6.3.2 In any performance of activity under its terms of reference, the Committee shall have regard to the regulatory standards that apply to the Regulated Businesses and to each of the RPs/RSLs and shall provide advice to and report to the board(s) of the Regulated Businesses as appropriate as well as to the Group Board.
- 6.3.3 The Committee shall not be responsible for risk and compliance matters in relation to PfP Capital Limited. Responsibility for those matters rests with the Risk & Compliance Committee of the board of PfP Capital Limited. The Committee shall seek confirmation annually that the PfP Capital board is satisfied with the operation of its system of risk control and compliance.
- 6.3.4 External Audit
- 6.3.4.1 Advising the Group Board on any matter concerning the appointment of the external auditor, and any questions of resignation or dismissal.
- 6.3.4.2 Approving, on behalf of the Group Board, the annual audit fee.
- 6.3.4.3 Assessing annually the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process. The assessment should cover all aspects of the audit service provided by the audit firm, and include obtaining a report on the audit firm's own internal quality control procedures.
- 6.3.4.4 Reviewing prior to commencement, and receiving reports on, the nature and scope of external audit activity.
- 6.3.4.5 Discussing problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including but not limited to major issues arising during the course of the audit, accounting and audit judgements and levels of errors identified during the audit.
- 6.3.4.6 Reviewing the external auditor's management letter and management's response.
- 6.3.4.7 Reviewing draft letters of representation and recommending a final draft to the Group Board and subsidiary boards as appropriate.
- 6.3.4.8 Reviewing external audit reports, monitoring management's response to such reports and advising the Group Board and subsidiary boards as appropriate on what action to take.
- 6.3.4.9 Investigating, should the external auditor resign, the issues giving rise to such resignation and considering whether any action is required.



- 6.3.4.10 Considering any proposal to instruct the external audit firm in relation to non-audit work where the anticipated fee for such work exceeds 50% of the Group audit fee (including any fee associated with the audit of leasehold accounts) for the immediately preceding year in any case or where the anticipated fee would take the aggregate total of all such non-audit work fees in the relevant financial year to a level in excess of 100% of the Group audit fee (including any fee associated with the audit of leasehold accounts) for the immediately preceding year.
- 6.3.5 Internal Control & Assurance
- 6.3.5.1 Ensuring generally that there is a firm emphasis on good governance, effective risk management, and continuous improvement and that the performance standards set by the Group Board are achieved by management in relation to the matters set out in the rest of this paragraph.
- 6.3.5.2 Reviewing the internal control framework including the annual statement on internal control systems and the overall effectiveness of the internal control framework prior to consideration by the Group Board.
- 6.3.5.3 Reviewing the annual financial statements of the principal Group members (for audit purposes) before submission to the Group Board, focussing particularly on:
- a) changes in accounting policies and practices;
  - b) major judgemental areas;
  - c) significant adjustments resulting from the audit;
  - d) the going concern assumption;
  - e) compliance with accounting standards;
  - f) compliance with legal requirements.
- 6.3.5.4 Reviewing the Group's pension liabilities generally.
- 6.3.5.5 Reviewing the risk management framework including procedures for ensuring robust risk assessment.
- 6.3.5.6 Reviewing Business Assurance arrangements and performance in relation to resources, structure, independence and effectiveness throughout the Group. The review should cover audit plans, progress in delivering against any audit plans as monitored by Business Assurance, key findings and co-ordination between external audit and Business Assurance.
- 6.3.5.7 Monitoring Business Assurance reports including those on fraud and material breaches of internal and external regulatory requirements and monitoring of management's response to recommendations contained in such reports.
- 6.3.5.8 Reviewing arrangements for members of the workforce to raise concerns in confidence about possible wrongdoing in financial reporting or other matters ("whistleblowing") and ensuring that such arrangements allow a proportionate and independent investigation and appropriate follow up action.
- 6.3.5.9 Reviewing the procedures for detecting fraud and monitoring reports of suspected fraud.

- 6.3.6 Strategic Risk
  - 6.3.6.1 Providing the Group Board with advice on the strategic risks faced by the Group specifically including risks that are particular to the Regulated Businesses.
  - 6.3.6.2 Reviewing the Group’s risk management procedures including procedures for ensuring robust risk assessment.
  - 6.3.6.3 Initiating and considering as appropriate reports on individual risks and related matters.
  - 6.3.6.4 Overseeing the risk policy and changes to that policy through engagement with management’s Strategic Risk Management and Value for Money Group.
  - 6.3.6.5 Overseeing the Group’s strategic risk register and the mitigating measures in relation to the relevant risks.

**6.4 Other Matters**

- 6.4.1 The chair of Audit & Risk Committee is to be advised, at the time of occurrence, of any fraud or suspected fraud which could have a material impact on the Group’s finances or reputation or that requires a report to be made to the Regulator of Social Housing.
- 6.4.2 The Committee shall approve the appointment or removal of the Group Director of Assurance.
- 6.4.3 The minutes of Committee meetings shall be available to each member of any of the Group Board.
- 6.4.4 The Committee chair (or in his or her absence a member of the Committee) shall report on any material matters to the Group Board at the first meeting of each of them after each Committee meeting.
- 6.4.5 The Committee shall consider from time to time any training needs that its members may have in connection with their Committee activities for the Group and shall arrange for suitable training to be obtained.
- 6.4.6 The Committee shall review annually its terms of reference and where necessary seek amendments to its constitution and/or terms of reference from the Group Board.

## 7 Remuneration & Nominations Committee

### 7.1 Membership

- 7.1.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chair of the Group Board may serve on the committee as a member if he/she was considered independent on appointment as Group Chair.
- 7.1.2 Appointments to the Committee are made by the Group Board having regard to any recommendation made by the Committee. Where an appointee is also a member of the Group Board, the appointment shall be co-terminous with the Group Board appointment. Otherwise, any appointment shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the Chair of the Group Board, if he/she is a member of the Committee) continue to be independent.
- 7.1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chief Executive, the Chief People Officer, the Group Company Secretary and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 7.1.4 The Group Board shall appoint the Committee chair who shall be an independent non-executive director who should have served on a remuneration committee for at least 12 months. In the absence of the Committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Group Board shall not be chair of the Committee.

### 7.2 Secretary

The Group Company Secretary or his/her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### 7.3 Quorum

The quorum necessary for the transaction of business shall be two.

### 7.4 Frequency of meetings

The Committee shall meet at least twice a year and otherwise as required. Meetings of the Committee may be held and resolutions of the Committee made by any means permitted in the articles of association of the Group parent for a meeting or resolution of the Group Board.

### 7.5 Notice of meetings

- 7.5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any of its members.
- 7.5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the

same time.

## 7.6 Minutes of meetings

- 7.6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Group Board and the company secretary unless, exceptionally, it would be inappropriate to do so.

## 7.7 Duties generally

In any performance of activity under its terms of reference, the Committee shall have regard to the regulatory standards that apply to the Regulated Businesses and to each of the Group's RPs/RSLs. The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

## 7.8 Remuneration duties

The Committee shall:

- 7.8.1 Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Group Chair and executive directors and senior management, including the company secretary, in accordance with the Principles and Provisions of the Code.<sup>1</sup>
- 7.8.2 Design remuneration policies and practices to support strategy and promote long- term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances.
- 7.8.3 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- 7.8.4 In determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders/members and other stakeholders.
- 7.8.5 Review the ongoing appropriateness and relevance of the remuneration policy.
- 7.8.6 Within the terms of the agreed policy and in consultation with the Group Chair and/or Group Chief Executive, as appropriate, determine the total individual remuneration package of each executive director and the Group Company Secretary and senior managers including bonuses, incentive payments and share options or other share

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<sup>1</sup> No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Group Board itself or, where required by the articles of association, the shareholders/members should determine the remuneration of the non-executive directors within the limits set in the articles of association.

- awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances.
- 7.8.7 Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Group. However the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
  - 7.8.8 Review the design of all share incentive plans or equivalent for approval by the Group Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for executive directors and senior managers, and the performance targets to be used.
  - 7.8.9 Review workforce remuneration and related policies.
  - 7.8.10 Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Group Board is reviewed regularly.
  - 7.8.11 The Committee shall consider any proposal for a payment on severance in excess of the strict contractual entitlements of any Group executive director or the Group Company Secretary. The Committee shall have regard to any professional advice obtained in relation to any such proposal and shall take into account the duty to mitigate loss. In the event that it supports any such proposal (after considering any regulatory or financial impact of any such payment on any of the Regulated Businesses), the Committee shall make its recommendation to the Group Board on each such proposal.

## 7.9 Nominations duties

- The Committee shall:
- 7.9.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Group Board with regard to any changes.
  - 7.9.2 Ensure plans are in place for orderly succession to Board and senior management positions, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Group Board in the future.
  - 7.9.3 Keep under review the leadership needs of the organisation, both executive and non- executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
  - 7.9.4 Keep up-to-date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates.
  - 7.9.5 Be responsible for identifying and nominating for the approval of the Group Board, candidates to fill Board vacancies as and when they arise.
  - 7.9.6 Before any appointment is made by the Group Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time

- commitment expected.
- 7.9.7 In identifying suitable candidates the Committee shall:
- 7.9.7.1 use open advertising or the services of external advisers to facilitate the search;
  - 7.9.7.2 consider candidates from a wide range of backgrounds;
  - 7.9.7.3 consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the Board and taking care that appointees have enough time available to devote to the position.<sup>2</sup>
- 7.9.8 Ensure that, on appointment to the Group Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
- 7.9.9 Review the results of the Group Board performance evaluation process that relate to the composition of the Board and succession planning.
- 7.9.10 Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- 7.9.11 Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Group Board is reviewed regularly.
- 7.9.12 Exercise a power of approval in relation to non-executive appointments to boards of other members of the Group from time to time with the exceptions of the boards of Places for People Ventures Limited, Places for People Treasury plc, Places for People Finance plc and PfP Capital Limited (appointments to each of which remain matters reserved to the Group Board).
- 7.9.13 Make recommendations to the Group Board concerning (after consultation with the Group Chair and/or Group Chief Executive as appropriate):
- 7.9.13.1 any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;
  - 7.9.13.2 suitable candidates as new directors and succession for existing directors;
  - 7.9.13.3 membership of the Audit & Risk and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chair of those committees.
  - 7.9.13.4 the re-appointment of non-executive directors at the conclusion of their specified term of office having given due regard to their performance, ability and why their contribution is important to the Group's long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Group Board, taking into account the length of

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<sup>2</sup> Prior to the appointment of a director, other significant time commitments should be disclosed and any additional future commitments should not be undertaken without prior approval of the Group Chair. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the Group Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Group Board.

service of individual directors, the Group Chair and the Board as whole;

- 7.9.13.5 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the parent company subject to the provisions of the law and their service contract.

## 7.10 Governance duties

- 7.10.1 Committee members shall provide such support as may be needed to the Group Company Secretary in the preparation of his/her annual report to the Group Board on the review of the Group's Governance Manual. The focus of the annual review shall be whether the governance arrangements set out in the Manual meet the Group's current needs.
- 7.10.2 The Committee shall review proposed changes to the governance framework and associated governing documents of Group subsidiaries and shall be authorised to approve them on behalf of the Group Board.
- 7.10.3 At its meeting in or around February in each year, the Committee shall review the methodology to be used in appraisals (usually conducted in the period April – May in each year) of the Chair of the Group Board and of all non-executive members of the Group Board.
- 7.10.4 Committee members shall provide such support as may be needed to the Group Company Secretary in the preparation of his/her annual report to the Group Board on the effectiveness of the Group Board and the compliance by the Regulated Businesses with any governance standard set by the relevant principal regulator.
- 7.10.5 The Committee shall ensure that appraisals of each non-executive director of the Group Board are conducted annually by the Chair of the Group Board and that the Chair's appraisal is conducted annually by the Senior Independent Director.
- 7.10.6 The Committee shall have oversight of the training and development needs of and support provided to non-executive directors (including the induction provided to new appointees). The Committee shall also have oversight of training and development for executive directors in relation to their role as board members (as distinct from their role as members of management).
- 7.10.7 The Committee shall ensure that there are effective channels of communication between the Group Board and the Group's stakeholders.

## 7.11 Reporting responsibilities

- 7.11.1 The Committee chair shall report to the Group Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 7.11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
- 7.11.3 **Annual report: remuneration**
- 7.11.3.1 The Committee shall provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code.

- 7.11.3.2 The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (or any replacement legislation for them) and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the company's annual report and put to shareholders/members for approval at the AGM as necessary.
- 7.11.3.3 If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the parent company or individual directors.
- 7.11.4 **Annual report: nominations**
  - 7.11.4.1 The Committee shall produce a report to be included in the parent company's annual report describing the work of the committee on nominations matters, including:
    - 7.11.4.2 the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline
    - 7.11.4.3 how Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual directors, the outcomes and actions taken, and how it has influenced or will influence Board composition
    - 7.11.4.4 the policy on diversity and inclusion, its objectives and linkage to Group strategy, how it has been implemented and progress on achieving the objectives, and
    - 7.11.4.5 the gender balance of those in the senior management team and their direct reports.
    - 7.11.4.6 If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the parent company or individual directors.

## 7.12 Other matters

The Committee shall

- 7.12.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 7.12.2 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.
- 7.12.3 Bearing in mind that the Group does not have external shareholders and is not a listed entity, give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.
- 7.12.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.
- 7.12.5 At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any



changes it considers necessary to the Group Board for approval.

### **7.13 Authority**

The Committee is authorised by the Group Board to obtain, at the Group's expense, outside legal or other professional advice on any matters within its terms of reference.

## 8 Development Committee

### 8.1 Constitution

- 8.1.1 Committee members and the Committee chair shall be appointed by the Group Board having regard to any recommendation made by the Remuneration & Nominations Committee. Only non- executive directors may be Committee members.
- 8.1.2 There shall be at least three members of the Committee. If the number of members falls below three the Group Chair shall appoint an additional member with any such appointment being notified to and ratified by the Group Board.
- 8.1.3 The Group Chair may co-opt to the Committee any other non-executive director of any Group company for any meeting and any co-opted Committee member shall count towards the quorum and shall (subject to any impediments caused by the co-opted member's declared interests) be entitled to participate in and vote on Committee business.
- 8.1.4 The quorum for any meeting of the Committee shall be two members.
- 8.1.5 In the absence of the appointed chair, the Committee may appoint its own chair for the relevant meeting from the members present.
- 8.1.6 Only Committee members shall have the right to attend its meetings. The Committee may invite such members of management to attend any of its meetings as it considers appropriate and there shall be a presumption of such an invitation to the Group Chief Executive, the Group Finance Director and the Group Development Director.
- 8.1.7 Meetings of the Committee may be held and resolutions made by any means permitted in the Company's articles for a meeting or resolution of the Group Board.
- 8.1.8 The executive support to the Committee shall be provided by the Group Development Director.
- 8.1.9 The Committee may in connection with any tasks within its remit commission outside legal or other independent professional advice and secure relevant experience and expertise if it considers it necessary.
- 8.1.10 The Group Company Secretary shall be secretary to the Committee but any person may attend in place of the Group Company Secretary to take minutes and administer any meeting. Members shall have access to the Group Company Secretary in connection with their Committee activity.

## 8.2 Frequency of meetings

- 8.2.1 The Committee shall meet as required but at least three times per year.

## 8.3 Terms of reference

- 8.3.1 The Group Board has established the Committee to monitor delivery of projects, to approve new projects and amendments to existing projects within certain delegated limits and to scrutinise and help management refine and recommend to the Group board proposals for new projects falling outside those limits.

- 8.3.2 The development site pipeline in the approved business plan shall form the basis of the business that the Committee shall monitor from the start of any financial year. Approval of the business plan constitutes authority to management to pursue the development site pipeline subject to the controls inherent in the gateway processes and procedures.

- 8.3.3 Management shall operate within the overall capital allocation for the site pipeline in the business plan but may substitute new sites for sites shown on the pipeline or add additional sites provided that any new site meets the agreed hurdle rates and the capital required remains within the capital allocation in the business plan.

- 8.3.4 Management may not make commitments in respect of any new site where these terms of reference prescribe that prior approval from the Committee or the Group Board is required.

### 8.3.5 Monitor

- a) The Committee shall review reports showing development performance against any relevant budget year to date and forecast for the year end – including but not limited to financial key performance indicators, open market sales performance, affordable housing delivery programme and Homes England Strategic Partnership performance against budget.
- b) The Committee shall receive reports on health and safety, people, joint ventures, partnerships, capital repatriation, social value and internal audit recommendations.
- c) Reports shall use a RAG traffic light system with explanations being provided on a 'by exception' basis in relation to sites/matters showing a Red or Amber status. Projects showing an adverse variance will be rated as Red (>5% adverse variance to budgeted operating margin), Amber (>2.5% adverse variance to budgeted operating margin but <5% adverse variance) or Green (within 2.5% adverse variance to budgeted operating margin).
- d) If management identifies material changes to key risks in respect of a project or in respect of development activity generally, it will alert the Committee to the changed position without waiting for any deterioration in performance.
- e) Management shall keep the Committee informed through scheduled Committee meetings of emerging opportunities that merit detailed examination. The Committee shall consider any detailed proposals brought to it, scrutinising management proposals to add value.

### 8.3.6 Approve

- a) Management shall seek approval from the Group Board for any step in relation to any project/site (regardless of whether or not the project/site is in any agreed business plan) where that step is a matter reserved to the

Group Board (such as the entering into a joint venture vehicle with a third party).

- b) Management shall seek approval from the Committee for any project/site that:
- i. requires a £30m+ land commitment, regardless of whether or not it is in any agreed business plan;
  - ii. requires aggregate development capital commitments to exceed the limit set out in the prevailing approved business plan;
  - iii. does not meet the agreed hurdle rates (both margin % and IRR/ROCE) approved by the Committee from time to time; or
  - iv. is not affordable housing led (less than 50%), regardless of whether or not it is in any agreed business plan;
  - v. involves commitment to terms or revised terms in any joint venture (unless approval has already been obtained from the Group Board at the inception of the relevant joint venture) or through their inclusion in any approved business plan.

### 8.3.7 **Recommend**

- a) The Committee shall act as a sounding board and critical friend that supports and challenges by bringing an informed external perspective. If management presents any opportunity that requires Group Board approval, the Committee will review it and seek to become satisfied with any ensuing proposal so that it can be presented to the Group Board as having the committee's endorsement.

### **Other matters**

- 8.3.8 The minutes of Committee meetings shall be available to all members of the Group Board.
- 8.3.9 The Committee shall consider from time to time any training needs that its members may have in connection with their Committee activities for the Group and shall arrange for suitable training to be obtained.
- 8.3.10 The Committee shall annually review its constitution and terms of reference and shall seek approval from the Group Board to such amendments as it considers necessary.

## 9 Treasury Committee

### 9.1 Constitution

- 9.1.1 Committee members and the Committee chair shall be appointed by the Group Board having regard to any recommendation made by the Remuneration & Nominations Committee. Only non-executive directors may be Committee members.
- 9.1.2 There shall be at least two members of the Committee.. If the number of members falls below two the Group Chair shall appoint an additional member with any such appointment being notified to and ratified by the Group Board.
- 9.1.3 The Group Chair may co-opt to the Committee any other non-executive director of any Group company for any meeting and any co-opted Committee member shall count towards the quorum and shall (subject to any impediments caused by the co-opted member's declared interests) be entitled to participate in and vote on Committee business.
- 9.1.4 The quorum for any meeting of the Committee shall be two members.
- 9.1.5 In the absence of the appointed chair, the Committee may appoint its own chair for the relevant meeting from the members present.
- 9.1.6 Only Committee members shall have the right to attend its meetings. The Committee may invite such members of management to attend any of its meetings as it considers appropriate and there shall be a presumption of such an invitation to the Group Chief Executive, the Group Finance Director and the Group Tax & Treasury Director.
- 9.1.7 Meetings of the Committee may be held and resolutions made by any means permitted in the Company's articles for a meeting or resolution of the Group Board.
- 9.1.8 The executive support to the Committee shall be provided by the Group Treasury Director.
- 9.1.9 The Committee may in connection with any tasks within its remit commission outside legal or other independent professional advice and secure relevant experience and expertise if it considers it necessary.
- 9.1.10 The Group Company Secretary shall be secretary to the Committee but any person may attend in place of the Group Company Secretary to take minutes and administer any meeting. Members shall have access to the Group Company Secretary in connection with their Committee activity.

### 9.2 Frequency of meetings

- 9.2.1 The Committee shall meet as required but at least twice per year.

### 9.3 Terms of reference

- 9.3.1 The Committee shall be responsible for advising the Group Board in relation to overall treasury strategy.
- 9.3.2 The Committee shall advise the Group Board in relation to managing the Group's financial assets, managing its financial liabilities and managing its liquidity position and shall consider any other matter(s) referred to it by the Group Board.
- 9.3.3 The Committee shall, if asked, consider in general terms treasury transactions that may be proposed to be entered into by either the

treasury vehicle for the Regulated Businesses (Places for People Treasury plc) or the treasury vehicle for the Non-Regulated Businesses (Places for People Finance plc) with a view to checking that it considers any such transaction to be consistent with the Group's overall treasury strategy.

- 9.3.4 The Group Board has authorised the Committee to act on its behalf and therefore on behalf of the Group parent company in connection with any finance transaction, such transactions to include but not be limited to the terms of new or extended borrowing facilities, the approval of the terms of any purchase/sale of financial derivatives and the approval of the issuing of loan stock.
- 9.3.5 Where the Committee is authorised to take decisions and make commitments on behalf of the Group Board, it may instruct and/or authorise employees of the Group to take any actions (including signing/executing documents) to give effect to such decisions and/or commitments.
- 9.3.6 The Committee shall ensure that its strategic treasury advice and the material facts of any transactions entered into by either of the treasury vehicles are reported to the relevant boards through the papers submitted to quarterly meetings of those boards.

**9.4 Other matters**

- 9.4.1 The minutes of Committee meetings shall be available to all Group Board members.
- 9.4.2 The Committee shall consider from time to time any training needs that its members may have in connection with their Committee activities for the Group and shall arrange for suitable training to be obtained.
- 9.4.3 The Committee shall annually review its constitution and terms of reference and the terms of reference of Places for People Treasury plc and Places for People Finance plc and shall seek approval from the Group Board to such amendments as it considers it necessary.

## 10 Places for People Treasury plc Board terms of reference

1. The company is a wholly-owned subsidiary of the Group parent. It is limited by shares and is registered in England.
2. The company is the treasury vehicle for the Regulated Businesses and is responsible for managing the financial assets, financial liabilities and liquidity position of the Regulated Businesses.
3. It is responsible for raising capital to support the Group's Regulated Businesses in connection with their business plans in each year.
4. It draws on the services of the Group's treasury function.
5. The members of the company's board shall be appointed by the Group Board having regard to any recommendation made by the Remuneration & Nominations Committee.
6. The board shall have regard to the overall Group treasury strategy set by the Group Board's Treasury Committee.
7. The quorum for any meeting of the board shall be two members.
8. Meetings of the board may be held and resolutions made by any means permitted in the company's articles or by general law.
9. The executive support to the board shall be provided by the Group Tax & Treasury Director.
10. The Group Company Secretary shall be secretary to the board but any person may attend in his/her place to take minutes and administer any meeting.
11. The board may act on behalf of the company and, to the extent authorised by the board of any RP/RSL within the Regulated Businesses, on behalf of it/them in connection with any finance transaction, such transactions to include but not be limited to the terms of new or extended borrowing facilities, the approval of the terms of any purchase/sale of financial derivatives and the approval of the issuing of loan stock.
12. The board may instruct and authorise employees of the Group to take any actions (including signing/executing documents) to give effect to decisions and/or commitments it makes in connection with finance transactions including transactions entered into pursuant to delegated authority on behalf of any of the Regulated Businesses.
13. The board shall relay to the Group Board's Treasury Committee for sharing with the Group Board and the board(s) of any relevant Regulated Business details of finance transactions entered into and details of any concerns or recommendations relating to any matter falling within the board's terms of reference.
14. The board shall make the minutes of its meetings available to the members of the Group Board.

## 11 Places for People Finance plc Board terms of reference

1. The company is a wholly-owned subsidiary of the Group parent. It is limited by shares and is registered in England.
2. The company is the treasury vehicle for the Non-Regulated Businesses and is responsible for managing the financial assets, financial liabilities and liquidity position of the Non-Regulated Businesses.
3. It is responsible for raising capital to support the Group's Non-Regulated Businesses in connection with their business plans in each year.
4. It draws on the services of the Group's treasury function.
5. The members of the company's board shall be appointed by the Group Board having regard to any recommendation made by the Remuneration & Nominations Committee.
6. The board shall have regard to the overall Group treasury strategy set by the Group Board's Treasury Committee.
7. The quorum for any meeting of the board shall be two members.
8. Meetings of the board may be held and resolutions made by any means permitted in the company's articles or by general law.
9. The executive support to the board shall be provided by the Group Tax & Treasury Director.
10. The Group Company Secretary shall be secretary to the board but any person may attend in his/her place to take minutes and administer any meeting.
11. The board may act on behalf of the company and, to the extent authorised by the board of any company within the Non-Regulated Businesses, on behalf of it/them in connection with any finance transaction, such transactions to include but not be limited to the terms of new or extended borrowing facilities, the approval of the terms of any purchase/sale of financial derivatives and the approval of the issuing of loan stock.
12. The board may instruct and authorise employees of the Group to take any actions (including signing/executing documents) to give effect to decisions and/or commitments it takes in connection with finance transactions including transactions entered into pursuant to delegated authority on behalf of any of the Non-Regulated Businesses.
13. The board shall relay to the Group Board's Treasury Committee for sharing with the Group Board and the board(s) of any relevant Non-Regulated Business details of finance transactions entered into and details of any concerns or recommendations relating to any matter falling within the board's terms of reference.
14. The board shall make the minutes of its meetings available to the members of the Group Board.



## 12 Places for People Ventures Limited Constitutional and governance arrangements

1. The company is a direct subsidiary of the Group parent and within the Group structure it is the senior company that is not involved with social and affordable housing provision.
2. It is a company limited by shares and is registered in England. It is able to distribute profit by dividend to its shareholders among which is Places for People Homes Limited, one of the RPs.
3. The company has a controlling interest in a number of subsidiaries. Together, these make up the Group's **Non-Regulated Businesses**.
4. The members of the company's board shall be appointed by the Group Board having regard to any recommendation made by the Remuneration & Nominations Committee.
5. The quorum for any meeting of the board shall be two board members.
6. Meetings of the board may be held and resolutions made by any means permitted in the Company's articles or by general law.
7. The Group Company Secretary shall be secretary to the board but any person may attend in his/her place to take minutes and administer any meeting.

## 13 Terms of reference

The company's board is responsible for:

1. compliance with governing law, constitutional documents and regulatory requirements;
2. monitoring operational and financial performance on a consolidated basis against the prevailing business plan having regard to value creation/preservation where 'value' may be measured in a number of ways including profitability leading to dividend, capital growth, social impact and the enhancement of the Group's wider placemaking capacity;
3. providing constructive challenge to individual operating companies as to performance levels;
4. having in place an effective risk management and internal controls assurance framework;
5. oversight of safety standards and compliance in relation to Non-Regulated Businesses' activity;
6. ensuring adequate treasury provision through the services of the Group treasury function and through delegation of transactional responsibility and authority to the board of the treasury vehicle for the Non-Regulated Businesses;
7. mergers, acquisitions and disposals strategy in relation to Non-Regulated Businesses and clearance of any transaction terms subject to the final approval of the Group Board;
8. monitoring the performance of any joint ventures or investments made by the Non-Regulated Businesses;
9. reviewing and approving any proposed joint venture arrangements or investments on the part of any of the Non-Regulated Businesses;
10. reviewing and clearing the consolidated Non-Regulated Businesses draft business plan for submission to the Group Board as part of the annual business planning process;

11. approving the company's financial statements and associated reports;
12. delivering returns to investors in line with expectations.

The company's board is concerned with the performance and value of the operating businesses in which it has invested. In that context, 'value' may be measured in a number of ways including profitability leading to dividend, capital growth, social impact and the enhancement of the Group's wider placemaking capacity.

## 14 Group Chair and Group Chief Executive: Division of Responsibilities

1. Reporting Lines	
<p>Chair</p> <p>1.1 The Chair reports to the Group Board (the “Group Board”).</p>	<p>Chief Executive</p> <p>1.1 The Chief Executive reports to the Chair (acting on behalf of the Group Board) and to the Group Board directly.</p>
<p>1.2 The Chair is not responsible for executive matters regarding the Group’s business. Other than the Chief Executive and the Company Secretary, no executive reports to the Chair, other than through the Group Board.</p>	<p>1.2 The Chief Executive is responsible for all executive management matters affecting the Group. All members of executive management report, either directly or indirectly, to him/her.</p>
2. Key Responsibilities	
<p>Chair</p> <p>2.1 The Chair’s principal responsibility is the effective running of the Group Board.</p>	<p>Chief Executive</p> <p>2.1 The Chief Executive’s principal responsibility is the effective running of the Group’s business.</p>
<p>2.2 The Chair is responsible for ensuring that the Group Board as a whole plays a full and constructive part in the development and determination of the Group’s strategy and overall commercial objectives.</p>	<p>2.2 The Chief Executive is responsible for proposing and developing the Group’s strategy and overall commercial objectives, which he/she does in close consultation with the Chair and the Group Board.</p>
<p>2.3 The Chair is the guardian of the Group Board’s decision-making process.</p>	<p>2.3 The Chief Executive is responsible, with the executive team, for implementing the decisions of the Group Board and its Committees.</p>
<p>2.4 The Chair is responsible for ensuring that the boards of Group subsidiaries retain a common sense of purpose and commitment to the ethos and values of the Group.</p>	<p>2.4 The Chief Executive is responsible for monitoring compliance with Intra-Group Agreements and any other mechanisms regulating the relationship between the Group parent and any Group subsidiary.</p>
3. Other responsibilities	
<p>Chair</p> <p>3.1 Running the Group Board and setting its agenda.</p>	<p>Chief Executive</p> <p>3.1 Providing input to the Group Board’s agenda from himself/herself and other members of the executive team.</p>
<p>3.2 Ensuring that Group Board agendas take full account of the important issues facing the Group and the concerns of all Group Board members. There should be an emphasis on strategic, rather than routine, issues.</p>	<p>3.2 Ensuring that he/she maintains a dialogue with the Chair on the important and strategic issues facing the Group, and proposing Group Board agendas to the Chair which reflect these.</p>

<p>3.3 Ensuring that the Group Board receives accurate, timely and clear information on:</p> <ul style="list-style-type: none"> <li>• the Group’s performance;</li> <li>• the issues, challenges and opportunities facing the Group and;</li> <li>• matters reserved to it for decision.</li> </ul>	<p>3.3 Ensuring that the executive team gives appropriate priority to providing reports to the Group Board which contain accurate, timely and clear information.</p>
<p>3.4 Ensuring, with the advice of the Company Secretary where appropriate, compliance with the Group Board’s approved procedures, including the schedule of matters reserved to the Group Board for its decision and each Committee’s terms of reference and with any relevant articles of association/rules, and all relevant legislation.</p>	<p>3.4 Ensuring, in consultation with the Chair and the Company Secretary as appropriate, that he/she and the executive team comply with the Group Board’s approved procedures, including the schedule of matters reserved to the Group Board for its decision and each Committee’s terms of reference.</p>
<p>3.5 Ensuring that sufficient time and consideration is given to complex, contentious or sensitive issues through formal and/or informal meetings of directors.</p>	<p>3.5 Ensuring that the Chair is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which he/she might not otherwise be aware.</p>
<p>3.6 Proposing to the Group Board, in consultation with the Chief Executive, Company Secretary and Committee Chairs as appropriate:</p> <ul style="list-style-type: none"> <li>• a schedule of matters reserved to the Group Board for its decision;</li> <li>• terms of reference for each Group Board Committee;</li> <li>• other Group Board policies and procedures; and</li> <li>• a framework of delegated authority to the executive team to enable the Group’s business to be run effectively.</li> </ul>	<p>3.6 Providing input to the Chair and Company Secretary on appropriate changes to the schedule of matters reserved to the Group Board, Committee terms of reference and any framework of delegated authority to the executive team.</p>
<p>3.7 Working with the Chair of the Committee with responsibility for nominations to initiate change and succession planning in Group Board appointments in order to retain and/or build an effective and complementary Group Board, and to facilitate the appointment of effective and suitable members and Chairs of Group Board Committees.</p>	<p>3.7 Providing information and advice on succession planning to the Chair of the Committee with responsibility for nominations, and other members of the Group Board, particularly in respect of executive directors.</p>
<p>3.8 Proposing, in conjunction with the Committee with responsibility for nominations, the membership of Group Board Committees and their Chairs.</p>	<p>3.8 Ensuring that the views of the executive team are made known at meetings of Committees of the Group Board.</p>
<p>3.9 Ensuring that there is effective communication by the Group with its stakeholders, including by the Chief Executive and other members of executive management and, where appropriate, participating in communication.</p>	<p>3.9 Leading the communication programme with stakeholders including but not limited to customers, funders, regulators and government.</p>

3.10 Ensuring that there is an effective induction programme for new non-executive directors, facilitated by the Company Secretary.	3.10 Ensuring that any induction programme for a new non-executive director is delivered.
3.11 Taking the lead in identifying and seeking to meet the development needs both of individual directors and of the Group Board as a whole, assisted by the Company Secretary.	3.11 Ensuring that the development needs of the executive directors and other senior management reporting to him/her are identified and met.
3.12 Ensuring that the performance of the Group Board as a whole, its Committees, and individual directors is evaluated at least once a year.	3.12 Ensuring that performance reviews are carried out at least once a year for each of the executive directors. Providing input to the wider Group Board evaluation process.
3.13 Promoting the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Group Board level.	3.13 Promoting, and conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance. Taking responsibility for the management of risk throughout the Group.
3.14 Ensuring that there is effective communication between the chairs of the Group Board, the Places for People Regulated board and the boards of the Regulated Businesses generally.	3.14 Supporting the Group Chairman in promoting effective communication between the chairs of the Group Board, the Places for People Regulated board and the boards of the Regulated Businesses generally.

This division of responsibilities will be incorporated into the contracts between the Group and each of the Group Chair and the Group Chief Executive.

#### 14.1 Senior Independent Director (“SID”)

The Group Board shall appoint one of its non-executive members to the position of SID from time to time. The role of the SID shall include having responsibility for:

1. offering advice and assisting the Group Chair in relation to Group Board matters;
2. acting as a conduit between members of the Group Board and the Group Chair, maintaining contact with the non-executive directors between meetings as required (and them with the SID) including by holding a meeting with the non-executives in the absence of the Chair prior to each Group Board meeting in the quarterly cycle;
3. leading the Board in relation to matters concerning the Chair;
4. conducting an annual appraisal of the Chair, taking into account the views of executive and non-executive directors as appropriate;
5. working with the Remuneration & Nominations Committee in planning for the succession of the Chair;
6. providing non-executive guidance for the Executive and a channel of communication with non-executives;
7. providing a visible alternative to the Group Chair for employee engagement; and
8. working with the Chair to ensure that at least half the board remains independent.

Following agreement with the Chair, the SID may delegate some of these responsibilities to other independent non-executive directors as appropriate.

## 15 Group management: levels of delegated authority

### 15.1 Management

The Executive Management Group (“EMG”) shall consist of such members of the Group’s senior management cohort as shall be determined from time to time by the Group Chief Executive but shall include the Group Chief Executive and each of the executive members of the Group Board and the Group Company Secretary (together, “the Executive”).

### 15.2 Delegation of authority by the Group Board

- 15.2.1 In order to enable management to fulfil its management responsibilities, the Group Board has delegated to management all powers normally associated with running a business including the power to take any action in cases of urgency or emergency without formal Group Board approval (where that would ordinarily be required) provided that Group Board engagement is then sought immediately.
- 15.2.2 Other than in a situation requiring urgent action or an emergency, those delegated powers are subject to the Group’s governance framework from time to time. They are therefore limited by the matters reserved to the Group Board and by any matters delegated to any committee of the Group Board or any subsidiary of the Group parent. Those limits do not apply to the extent that the powers are exercised by action that has already been explicitly approved or has been delegated to management generally or to one or more members of management specifically. Even in those cases, the powers are required to be exercised having regard to all relevant prevailing internal management controls.
- 15.2.3 In addition to the general delegation to management of the powers necessary to run a business (including any powers necessary to respond to an emergency), the Group Board has delegated to the Group Chief Executive certain powers (subject to certain limits and conditions) set out in the attached Schedule of Delegations.
- 15.2.4 The Group Board may amend the Schedule of Delegations from time to time. The Group Chief Executive may authorise management bodies and/or individual managers to assume powers derived from those delegated to him by the Group Board. Any such derived authority in relation to matters covered expressly by the Schedule of Delegations to the Group Chief Executive shall be set out in writing. The Group Chief Executive shall ensure that there is a system of internal control in operation in relation to powers delegated to him by the Group Board and in relation to any powers delegated by him to management bodies and/or individual managers.
- 15.2.5 Management may amend any policies or procedures without reference to the Group Board provided that any change that is material and of a nature that is reasonably likely to attract adverse attention to the Group shall be discussed first with the Chair of the Group Board, and/or the Senior Independent (non-executive) Director who may require the proposed change to be put before the Group Board prior to implementation.

## 16 Schedule of Delegations to the Group Chief Executive

1. The Group Chief Executive shall lead the management of the Group's business within the approved business plan from time to time.
2. The Group Chief Executive may, operating through such management mechanisms as may be established from time to time (including but not limited to the investment purposes and criteria for the Regulated Businesses), approve and take all necessary steps to implement:
  - a. any acquisition/investment where the total consideration (plus any debt or identified liabilities) does not exceed £5 million;
  - b. entering into any joint venture on normal commercial terms where the investment cost of the transaction does not exceed £5 million and the joint venture is consistent with the approved business plan even where the specific opportunity is not explicitly identified in the business plan;
  - c. creating any new company, partnership, association or other form of legal entity in order to pursue a course of action that is consistent with an approved business plan or power delegated to management;
  - d. taking any actions consistent with the creation of such a legal entity including but not limited to opening bank accounts;
  - e. striking off/dissolving any company, partnership, association or other form of legal entity where it is considered to be in the interests of the Group to do so.
3. In any situation where the Group Chief Executive is indisposed and an approval is required in relation to any of the matters specified within the Schedule, the authority to approve and to take all necessary steps passes to the Group Finance Director and, in that person's absence from the business, to any two members of the Executive.