

MAGNA HOUSING LIMITED (“Magna”)
GOVERNANCE AND REMUNERATION COMMITTEE (GRC)
TERMS OF REFERENCE

1. PURPOSE

The purpose of the G&R Committee is to, on behalf of the Strategic Board (“The Board”):

- Keep Magna’s governance arrangements under review and to make appropriate recommendations to the Board to ensure that the corresponding organisational arrangements are consistent with corporate governance standards and best practice.
- Ensure there is a formal, rigorous, and transparent procedure for the appointment of new Non-Executive Directors (NEDs).
- Lead the process for Board appointments, making recommendations to the Board and ensuring plans are in place for succession to the Board.
- Assist the Board in ensuring its composition is regularly reviewed and refreshed.
- Oversee the design of, and recommend to the Board, an overall remuneration policy and philosophy for Magna that is aligned with its strategy, its business objectives, its risk appetite, values, and the long-term interests of the business.
- Oversee the implementation of remuneration policies, and to review performance and approve remuneration arrangements as set out in these terms of reference.

2. CONSTITUTION AND PROCESS

2.1 Authority

The GRC is a Committee of the Board, established under Rule D32.

The Committee operates under the authority delegated by the Board, as outlined in the Scheme of Delegation

The Committee has delegated authority from the Board to exercise the functions and powers set out in these Terms of Reference, subject to the Board’s overall responsibility for governance and remuneration.

The Committee has authority to investigate any matter within its Terms of Reference and to obtain such information as it may require from the business.

2.2 Chair

The Board has sole power to appoint the Chair of the Committee. The Chair of the Committee (who must not be the Board Chair) is responsible for the proper conduct of its affairs in accordance with its Terms of Reference.

In the absence of the Chair of the Committee the remaining members present shall elect one of themselves to chair the meeting.

2.3 Membership

The Committee members must be approved by the Board and will retire after their initial fixed term.

Unless otherwise determined by the Board, Members shall serve on the Committee for a fixed period of up to three years, which may be extended by the Board for an additional fixed period of up to three years.

The Chair of the Board and CEO will not be members of the Committee but may attend. Members may be removed from the Committee at any time by the Board.

2.4 Other Attendance

The Director of Organisational Capability is the Executive Board Lead and shall attend all meetings. The Chief Executive and the Company Secretary shall attend all meetings. Other members of the Executive Board may be invited to attend for agenda items relevant to their portfolios.

2.4 Meetings

The Committee shall meet at least four times each financial year. A quorum for meetings of the Committee is three Members.

Meetings of the Committee may be called by the Chair of the Committee at any time to consider any matters falling within these Terms of Reference.

A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The Governance Team will provide secretariat support to the Committees and will attend all meetings. The Governance Team are responsible for providing the minutes and matters arising for each meeting.

2.6 Actions arising

Actions arising from each meeting will be distributed to all members of the Committee, regardless of whether they were present at the meeting.

3. PRINCIPAL RESPONSIBILITIES OF THE COMMITTEE

The fundamental responsibility of the Committee is to exercise their professional judgment to act in what they reasonably believe to be the best interests of Magna, its customers, colleagues, and stakeholders. The GRC has delegated oversight of the overarching principles and framework for Governance and Remuneration.

3.1. GOVERNANCE

3.1.1 Board Appointments

Lead the formal, rigorous, and transparent appointment process for new Board members, establishing appropriate selection criteria and recommending suitable candidates to the Board. In doing so, the Committee should consider a broad set of qualities and competences

when recruiting members to the Board and for that purpose put in place a policy, based on merit and objective criteria, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths on the Board. Where appropriate, the Committee may delegate the selection/nomination process to a sub-committee established specifically for that purpose.

Before beginning a search for candidates for a particular appointment, prepare a written description of the role and capabilities required, and the time commitment expected, for that appointment.

Review the processes in place to achieve optimal Board composition, including appointment criteria, succession planning and as necessary propose changes to the processes.

Seek advice from external search consultants or use open advertising (or both), if appropriate, in relation to seeking and selecting candidates for any appointments.

Review a candidate's other commitments and ensure that, on appointment, a candidate has sufficient time to undertake the role.

Ensure that, on appointment to the Board, NEDs (including the Chair of the Board) receive a letter of appointment setting out clearly what is expected of them in terms of time commitment, Board and Committee service and involvement outside Board meetings.

3.1.2 Board & Committee effectiveness

Oversee the annual evaluation of the Board (including the knowledge, skills and experience, performance and contribution of individual members and the Board collectively, diversity of the Board as a whole and the effectiveness of its members working together to achieve objectives as needed) and its Committees and report to the Board, at least annually, the results of these assessments, recommending actions for addressing any findings and overseeing the implementation of any resulting action plan.

Ensure an externally facilitated evaluation of the Board is regularly considered and conducted as appropriate, the expectation being that this will be at least every three years.

In performing its duties, and to the extent possible, take account of the need to ensure that the Board's decision making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interest of Magna as a whole.

Oversee the resolution of any identified performance issues within the Board with particular reference to the Chair. The Chair may also bring matters of concern for the consideration of the Committee as well as any member via the Chair or Company Secretary as appropriate.

3.1.3 Performance Reviews

In line with the Appraisal Procedure, the annual appraisal of the Board Chair is conducted by the Chair of the Governance and Remuneration Committee (GRC), and will be informed by

feedback from all Board Members, including the Chief Executive, on the Chair's performance throughout the year.

The Committee will annually review the performance of the Board Chair for onward reporting to the Board.

The Committee will contribute to the performance review of the Chief Executive in addition to receiving an update on performance via the Board Chair.

Oversee any settlements/exit payments of Executives as a result of performance or misconduct.

3.1.4 Board & Committee composition

At least annually evaluate the structure, size and composition (including the balance of skills, experience, independence and knowledge) of the Board and the future challenges affecting the business, taking into account the organisation's current requirements, the results of the Board performance evaluation process that relate to the composition of the Board, the length of service of the Board as a whole, and make recommendations to the Board with regard to any adjustments that may be needed.

Review membership of Committees at least annually, agreeing appropriate changes to Committee membership and recommending to the Board changes in the chair or membership of individual Committees for formal ratification.

3.1.5 Governance Framework

Oversee the Board's governance arrangements and review Magna's Governance Framework at least annually and recommend any changes to the Board.

Give due consideration to all relevant laws and regulations, including the provisions of the NHF Governance Code 2020 and associated guidance and best practice, and monitor developing trends, initiatives or proposals in relation to board governance issues in order to determine the extent to which such initiatives impact Magna and make recommendations to the Board on any changes to be implemented including the establishment of appropriate policies and practices to enable the Board to operate effectively and efficiently.

3.1.6 Conflicts of interest

Ensure that prospective NEDs disclose any business interests that may result in any actual or potential conflict of interests with those of Magna before any offer of appointment is made. Ensure that all NEDs notify, and consider and authorise (subject to ratification by the Board), any situation or matter in which a NED may have a direct or indirect interest that conflicts, or possibly may conflict with the interests of Magna; and, when considering the authorisation of any such situation or matter have regard to the possible time required for it, and all other outside commitments notified by the Director, and whether it could impede the Director from spending sufficient time to fulfil their obligations to the organisation.

Conduct an annual review of the Members' Declaration of Interest Register and review any disclosure relating to conflicts of interest.

3.2 REMUNERATION

3.2.1 Set the remuneration policy

Review and make recommendations to the Board on remuneration policies, including the Executive Pay Policy, taking into account the long-term business strategy, the Magna values and culture, regulatory requirements, as well as the need to promote effective risk management. Alignment between the policies must also be considered.

Ensure Magna's policies, practices and procedures and all remuneration arrangements comply with all relevant regulation, legislation, codes of conduct and good remuneration practice and have regard to the remuneration trends for all colleagues and the wider workforce where applicable. When determining remuneration policy and procedures, the Committee should consider the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture.

3.2.2 Monitor the remuneration policy

Review annually the report from the Director of Strategic Organisational Capability on the operation of the Remuneration Policy and its effectiveness including procedures and processes to avoid conflicts of interest and to note the arrangements in place to ensure employees receive adequate information to understand the requirements of the Remuneration Policy and regulatory requirements.

Monitor the application of the authority delegated to the Chief Executive to ensure that policies and principles are being consistently and effectively applied, seeking support and input from the People and Governance, Legal, and Risk functions as appropriate.

Periodically review the general principles of the Remuneration Policy and its implementation including compliance with the NHF Governance Code 2020.

3.2.3 Board Pay

Propose fees payable to NEDs, including the Chair, for approval by the Board and will take into consideration time committed and responsibilities.

Determine and recommend to the Board for approval the terms of service, including all aspects of remuneration (including the terms and any other commitments to be made on retirement, resignation or dismissal to ensure fairness, avoid reward for failure and recognise the duty to mitigate loss) in respect of NEDs, including the Chair of the Board, ensuring the reward and conditions available to colleagues in the wider workforce where applicable are taken into account.

Agree the policy for authorising claims for expenses incurred by NEDs, including the Chair of the Board, considering expenses provisions available to colleagues in the wider workforce where applicable.

3.2.4 Executive Pay

Determine and recommend to the Board for approval the contracts of employment and the terms of service, including all aspects of remuneration (including the terms and any other commitments to be made on retirement, resignation or dismissal to ensure fairness, avoid reward for failure and recognise the duty to mitigate loss) in respect of Executive Directors, ensuring the reward and conditions available to colleagues in the wider workforce where applicable are taken into account.

Determine the pension policy considering pension provisions available to colleagues and the wider workforce where applicable and consider the individual pension impact and associated costs of salary increases for the Executive Directors.

Agree the policy for authorising claims for expenses incurred by Executive Directors, including the Chief Executive, considering expenses provisions available to colleagues in the wider workforce where applicable.

No director will be involved in determining their own remuneration.

3.2.5 All colleagues

In respect of all colleagues being all persons engaged under a contract of employment:

- determine the pension policy for approval by the Board.
- monitor annual base salary increase budgets.
- review pay and benefit principles.
- review financial and non-financial reward policies and procedures.

3.2.6 Wider workforce

In respect of the wider workforce being all persons engaged under any arrangement other than a contract of employment to do work or provide services to Magna:

- review and oversee pay and benefit principles.
- review and oversee financial and non-financial reward policies and procedures.

3.3 Policies and Procedures Review

The Committee shall review and recommend to the Board relevant policies in accordance with the policy schedule and in relation to its principal responsibilities. The relevant policies are listed below.

- Equality, Diversity and Inclusion Policy
- Executive Remuneration Policy (external consultant)
- Expenses Policy
- Pensions Policy

4. REPORTING

Minutes of each Committee meeting will be reported at the next meeting of the Board. The Chair of the Committee shall report to the Board on matters within its duties and responsibilities after each meeting.

The Committee shall compile a report of the work of the Committee in discharging its responsibilities for inclusion in an annual report to the Board, including a description of significant issues dealt with by the Committee.

The Committee shall work and liaise as necessary with other committees of the Board.

5. GOVERNANCE AND RESOURCES

The Committee shall, via the Governance Team, make available to new members of the Committee a suitable induction process and, for existing members, ongoing training as discussed and agreed by the Committee.

The Committee shall conduct an annual self-assessment of its performance including an evaluation of its effectiveness in fulfilling its responsibilities under these Terms of Reference and report any conclusions and recommendations to the Board and, as part of this assessment, shall consider whether it receives adequate and appropriate support in fulfilment of its role and whether its annual plan of work is manageable.

The Committee shall in its decision making, give due regard to any relevant legal or regulatory requirements, and associated best practice guidance, as well as to the risk and reputation implications of its decisions (liaising where relevant with other committees).

The Committee shall have access to sufficient resources to carry out its duties and have the power to engage independent counsel and other professional advisers and to invite them to attend meetings.

6. OTHER MATTERS

The Committee will have the authority to obtain advice, reports or opinions from external advisers and will have the power to hire, at the expense of Magna, legal, financial and other advisers as they may deem necessary or appropriate.

The Governance and Remuneration Committee shall review these Terms of Reference annually to ensure they remain effective, current and aligned with governance best practices, regulatory requirements, and Magna's strategic objectives.