

**COMMITTEE TERMS OF REFERENCE – Common TOR to all the Committees on page 1  
Specific delegations for other committees from page 2 onwards**

	<b>Audit and Risk Committee</b>	<b>Remuneration and Nominations Committee</b>	<b>Treasury Committee</b>
<b>Chair</b>	The Committee chair will be a <b>non-executive director of BHG appointed by the Board on the recommendation of the RemNoms Committee</b> . In the chair’s absence, the remaining members present can elect a chair, who must be a non-executive director.		
<b>Secretary</b>	The Company Secretary or their nominee. Agenda and reports to be circulated to committee members (and other attendees if appropriate) at least 5 working days before the meeting. Minutes will record proceedings, resolutions, those present/in attendance and will be circulated to the Committee and all members of the BHG and subsidiary boards. Confidential Items, not for general circulation will be redacted or not circulated as appropriate.		
<b>Term of office</b>	A term of office for committee members will be 3 years, but can be extended in accordance with the Governance Framework.		
<b>Reporting</b>	Minutes of the committee meetings will be circulated to the Board. The Committee Chair will also be responsible for reporting to the Board on the work of the Committee. The ARC and RemNoms committees are required to produce a report to be included in the Group annual report about their activities.		
<b>Authority</b>	<p>To act in accordance with its terms of reference taking into account statutory and regulatory requirements and best practice;</p> <p>To ask for any information it requires from any Bromford colleague in order to perform its duties;</p> <p>To take external legal or other professional advice on any matter within its terms of reference;</p> <p>To be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;</p> <p>To annually review its own performance, composition and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board;</p> <p>In relation to all the matters (for BHG and all group members) for which the Committee has responsibility, the Committee has the power to</p> <ul style="list-style-type: none"> <li>approve all documentation which it considers necessary;</li> <li>authorise a signatory or signatories to sign or execute such documentation on behalf of BHG or its subsidiaries;</li> <li>authorise the use of company seals for BHG and its subsidiaries and signatories to attest such seals in relation to such documentation or otherwise to authorise execution of any document requiring execution as a deed; and</li> <li>authorise any person to do any act, matter or thing which the Committee consider in its absolute discretion is appropriate in relation to its powers.</li> </ul>		
<b>Sub-delegate</b>	The committee may sub-delegate any of the powers delegated to it to another committee or colleague.		

## AUDIT & RISK COMMITTEE

**PURPOSE:** To provide the Board with assurance as to the effectiveness of the Group risk and internal control frameworks; financial reporting and accounting issues in the Group and oversee both internal and external audit functions.

<b>MEMBERSHIP</b>	<p><b>Up to 4</b> Non-Executive Directors. At least one member of the Committee will have competence in accounting/and or auditing and committee members as a whole shall have competence relevant to the sector it operates.</p> <p>The <b>Group Chair will not</b> be a member of the Committee.</p> <p>Attendees will comprise the CEO Designate, Executive Directors, Chief Risk Officer and Secretary.</p>
<b>MEETINGS</b>	<p>Meetings of the Committee shall be held at least 4 times a year. Meetings usually called by the Secretary at the request of the Chair. Only members of the Committee have the right to attend meetings. Alongside attendees, others may be invited to attend for all or part of any meeting.</p>
<b>QUORUM</b>	<p><b>2</b> Non-Executive Directors.</p>
<b>APPROVAL OUTSIDE OF THE MEETING CYCLE</b>	<p>A resolution agreed by email by at least 2 Non-Executive Directors shall be valid and effective as if it had been passed at a properly called and constituted meeting of the Committee.</p>
<b>EXTERNAL ADVICE &amp; TRAINING</b>	<p>May appoint Advisors or seek external legal or other professional advice on any matter within its terms of reference. The Committee shall have access to sufficient resources to carry out its duties and 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.</p>
<b>PLANS AND POLICIES</b>	<p><b>Approve</b> and keep under review, the effectiveness of the following policies:</p> <ul style="list-style-type: none"> <li>• The Audit Policy;</li> <li>• Anti-Money Laundering Policy;</li> <li>• Whistleblowing Policy;</li> <li>• Financial Standing Orders (including financial authorisation limits at Executive level and above);</li> <li>• Fraud Policy;</li> <li>• Probity Policy; and</li> <li>• Schedule of Authorised Signatories (see Internal Controls below).</li> </ul> <p>The Committee may from time to time address and approve other policies as delegated by the Board.</p>

	<p><b>Review and make recommendations to the Board:</b></p> <ul style="list-style-type: none"> <li>• Risk Management Policies and Frameworks and the strategic Risk Register;</li> <li>• Governance Framework and policies; and</li> <li>• Delegation Framework</li> </ul>
<b>DUTIES:</b>	
<b>FINANCIAL REPORTING</b>	<p><b>Monitor</b> and review the integrity of the financial statements of the Group and its subsidiaries, including the annual report and accounts, reviewing significant financial reporting issues and the judgments, which they contain.</p> <p><b>Review</b> and challenge where necessary;</p> <ul style="list-style-type: none"> <li>- significant financial returns to regulators;</li> <li>- the consistency of, and any changes to, accounting policies both on a year on year basis and across the Group making <b>recommendations to the Board</b> on any proposed significant changes in accounting policies or practices;</li> <li>- the methods used to account for significant or unusual transactions where different approaches are possible;</li> <li>- whether the Group has followed appropriate accounting standards and made appropriate estimates and judgments considering the views of the external auditors;</li> <li>- the clarity of disclosure in the Group financial reports and the context in which statements are made and all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).</li> </ul>
<b>HEALTH &amp; SAFETY ASSURANCE REPORTING</b>	<p><b>Report</b> to the Board and be responsible for:</p> <ul style="list-style-type: none"> <li>- receiving a quarterly health and safety management assurance report;</li> <li>- scrutiny of the effectiveness of the overall health and safety management system (HSMS);</li> <li>- identification of key areas for improvement in business management of the HSMS; and</li> <li>- agreeing the annual internal health and safety audit programme</li> </ul>
<b>INTERNAL CONTROLS AND RISK MANAGEMENT</b>	<p><b>Review and approve, and make recommendations to the Board on</b>, the statements to be included in the annual report concerning internal controls and risk management and advise the BHG Board whether the Annual Report, taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group’s achievement of its strategy objectives and value for money.</p> <p><b>Keep under review</b>, and report to / <b>make recommendations to the Board</b> in relation to, the adequacy and effectiveness of the Group’s internal financial controls and internal control and risk management systems which will include:</p> <p><b>Review</b></p> <ul style="list-style-type: none"> <li>- reports on risk management, including compliance and Health &amp; Safety and updates on the group/strategic risk maps and control frameworks</li> <li>- the Group’s risk processes including risk appetite</li> </ul>

	<ul style="list-style-type: none"> <li>- the annual Executive report on the internal control framework and its operation</li> <li>- any legal action being taken by or against the Group which could have a material impact financially on Bromford’s reputation (and, if necessary, approving the prosecution, defence or settlement of litigation)</li> </ul> <p><b>Approve:</b></p> <ul style="list-style-type: none"> <li>- the signatories authorised to attest the relevant company seals and to sign under hand on behalf of the Group Board and subsidiary boards</li> <li>- those authorised to act as Deputy Company Secretaries on behalf of BHG and its subsidiaries</li> </ul>
<p><b>COMPLIANCE, WHISTLEBLOWING &amp; FRAUD</b></p>	<p><b>Whistleblowing</b> - review the arrangements for colleagues to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. Ensure that these arrangements allow proportionate and independent investigation, with unfettered access, of such matters and appropriate follow up action.</p> <p><b>Probity</b> – Consider and make a recommendation to the Board on any contracts proposed to be granted to Board members (or Connected Persons) (see Probity Policy). Ensure that a record is kept of any such contracts.</p> <p><b>Fraud</b> - review and approve the policy for detecting fraud including the authorisation of exceptions to policy, where necessary. Receive and consider a bi-annual report from the Chief Risk Officer on how internal controls have operated, including those in relation to fraud and, approve an annual report to our regulator, the RSH, on losses from fraudulent activity. This includes reviewing the register of cases of fraud and suspected fraud maintained by the Governance, Risk and Assurance Team</p> <p><b>Bribery</b> - review the adequacy and effectiveness of the prevention of bribery systems and controls.</p> <p><b>Anti-money laundering responsibilities–</b></p> <ul style="list-style-type: none"> <li>- lead on risk management, internal control, probity and whistleblowing, including making sure there are appropriate and effective systems in place to prevent, detect and report instances of money laundering;</li> <li>- make sure a MLRO has been appointed;</li> <li>- make sure a Compliance Officer has been appointed;</li> <li>- make sure a Deputy Nominated Officer has been appointed;</li> <li>- approve this policy and the Anti-Money Laundering How To and Tool Kit and review them every three years; and</li> <li>- receive and consider an annual report from the Executive Directors on how internal controls have operated, including those for Anti-Money Laundering.</li> </ul>
<p><b>STATUTORY AND REGULATORY COMPLIANCE</b></p>	<p><b>Statutory and regulatory</b> - monitor through internal audit reports the Group’s compliance with statutory and regulatory requirements including those of the Regulator of Social Housing and the Financial Conduct Authority.</p> <p>This includes:</p>

	<ul style="list-style-type: none"> <li>- providing assurance to the Board on self-assessment of performance against the Economic Standards and in particular the Governance &amp; Financial Viability standards in the Regulatory Code (note consumer standards reviewed by Customer &amp; Communities Influence Network), and compliance against the UK Corporate Governance Code</li> <li>- providing assurance to the Board on compliance with all law</li> <li>- reviewing all Regulatory and Statistical Returns submitted to the Regulator (at the next meeting following submission)</li> <li>- annual Regulatory Plan together with summaries of the various regulatory reviews</li> </ul> <p><b>Corporate Governance Code</b></p> <ul style="list-style-type: none"> <li>- recommend to the board the appointment and/or removal of the CRO</li> <li>- review reports and monitor responsiveness of the company on findings and recommendations of the CRO.</li> </ul>
<b>INTERNAL AUDIT</b>	<p><b>Monitor and review</b> the effectiveness of the Group’s internal audit function in the context of the Group’s overall risk management system.</p> <p><b>Approve</b> - the appointment and removal of the internal auditors, including their remuneration and terms of engagement approving the letter of engagement for the internal auditors.</p> <ul style="list-style-type: none"> <li>- the Audit Policy which sets out the remit of the internal audit function. Ensure internal audit has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards. Ensure the function has adequate standing and is free from management or other restrictions.</li> </ul> <p><b>Approve</b> - the annual internal audit plan</p> <p><b>Review</b> and assess the progress of the annual internal audit plan</p> <ul style="list-style-type: none"> <li>- reports addressed to the Committee from the internal auditor</li> <li>- monitor management’s responsiveness to the findings and recommendations of the internal auditor</li> </ul> <p><b>Monitor</b> - the <b>performance</b> of internal auditors and the effectiveness of their work – which may include a review of their qualifications, expertise and resources.</p> <p><b>Meet</b> internal auditors at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits. In addition, internal auditors will be given the right of direct access to the Group Chair and to the Committee.</p>
<b>EXTERNAL AUDIT</b>	<p><b>Consider and make recommendations to the board</b>, (to be approved at the AGM, if any), regarding appointment, re-appointment and removal of the Group’s external auditor. Oversee the selection process for a new auditor. If an auditor resigns investigate the issues leading to this and decide whether any action is required.</p> <p>The Committee shall consider whether to re-tender the external audit at least once every 5 years, taking into account all relevant guidance regarding the rotation of external auditors.</p>

**Oversee** the selection process for a new external auditor.

**Approve** the letter of engagement for the external auditor.

**Pre-approve** any non-audit services.

**Oversee** the relationship with the external auditor including:

- approval of their remuneration, whether fees for audit or non-audit services are paid, and considering whether the level of fees is appropriate to enable an adequate audit to be conducted;
- approval of their terms of engagement, including any engagement letter issued at audit and the scope of the audit;
- assessing annually their independence and objectivity, qualifications, expertise and resources (taking into account relevant UK law, regulation, the Ethical Standard and other professional requirements) and the audit relationship, which will include a report from the external auditor on their own internal quality procedures, methodology used in testing particular areas of the accounts, changes in approach from prior year and scope of consolidation applied
- assessing annually the effectiveness of the audit process and the overall performance of the external auditors, including any threats to the auditor's independence and the safeguards applied to mitigate those threats, including the provision of any non-audit services

**Review** and be satisfied with the scope and planning of the External Auditor's work, and any significant changes to its audit plans to **approve** these on behalf of the BHG Board.

**Meet regularly** with the external auditor, including once before the audit (planning) and once after the audit (reporting). Meet at least once a year, without management present, to discuss the auditor's remit and any issues arising from the audit.

**Review** - and approve the **annual audit plan** and ensure that it is consistent with the scope of the audit engagement.  
the **findings of the audit** with the external auditor to include:

- a discussion of any major issues which arose during the audit
- any accounting and audit judgements
- levels of errors identified during the audit
- the effectiveness of the audit process including an assessment of the quality of the audit, handling of key judgements by the auditor and the auditor's response to questions from the Committee
- monitor the implementation of approved recommendations relating to the external audit reports and audit management letter
- any **representation letter(s)** requested by the external auditor before they are signed by management
- the **management letter** and management's response to the auditor's findings and recommendations
- the level of co-ordination with the activities of the internal audit function.

<b>AUDITOR INDEPENDENCE</b>	<p><b>Develop and implement</b> an Audit Policy for assessing the independence of both the internal and external auditor taking into account:</p> <ul style="list-style-type: none"> <li>- Threats to the independence and objectivity of the external auditor and any safeguards in place</li> <li>- Carrying out an annual assessments of auditor independence and objectivity taking into account relevant professional and regulatory requirements, the relationship with the auditor as a whole</li> <li>- Systems for monitoring that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of the business)</li> <li>- The approach on the employment of former employees of the company's auditor of Governance;</li> <li>- Systems for monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements;</li> <li>- The approach on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter specifying the types of non-audit service (including fees to be pre-approved), and assessment of whether non-audit services have a direct or material effect on the audited financial statements;</li> <li>- The criteria governing compensation.</li> </ul>
<b>GENERAL</b>	<p><b>Insurance</b> – consider and review the annual report on the insurance portfolio, and risks covered and excluded.</p>