Committee Terms of Reference

HF Holidays Limited (the "Society")

Approved by:	**Board**
Date:	**23 October 2026**
Revised:	**April 2026**
Review Period	**Annually before AGM**
Next review date:	**April 2027**

Associated documentation	
Director Code of Conduct	**Approved 16.09.2023**
Rules	**Approved 05.04.2025** **Registered: 19.05.2025**

Contents

INTRODUCTION

Committees are formal governance bodies responsible for scrutiny, assurance, compliance and recommendations to the Board and are established by the Board with specific Terms of Reference. The Society has the following Committees, which support and report to the Board:

Committees

A. Remuneration
B. Finance
C. Audit and Risk
D. Governance

The Society's membership, the Board, and its Committees together provide the basis for the effective governance of the Society.

In this document:

- **SECTION ONE** sets out general terms of reference applicable to all Committees.
- **SECTION TWO** sets out the specific terms of reference applicable to each of the Committees.

SECTION ONE – GENERAL TERMS

1. Introduction

1.1 The core roles of the Board are to:

- provide **strategic leadership** by setting the vision, mission, strategic direction and strategic goals and by monitoring progress against these.
- ensure **accountability and assurance** through robust and effective oversight of the Society's operations, performance, risk management, governance, regulatory compliance and financial sustainability.
- enable effective and meaningful **engagement** with members, ensuring that members' views inform decision-making and that the Society remains accountable to its membership.

1.2 The Board sets the objectives and terms of reference for Committees.

1.3 Committees do not have standing delegated authority from the Board unless expressly delegated by the Board. All their recommendations require Board approval before implementation.

1.4 Committees review the strategic risks within their remit at each meeting and recommend any changes to the Audit and Risk Committee.

1.5 Committees review the relevant KPIs at each meeting.

2. Committee Composition

2.1 The Board annually determines the Committees required and their memberships and appoints their Chairs. Committee members are appointed for their relevant skills, experience and expertise, and to provide constructive challenge and advice within their remit. The Vice-Chairs are appointed by the Committees.

2.2 There must always be at least two Directors on each Committee, except in the case of the Audit and Risk Committee and Remuneration Committee where the minimum is three and no more than 50% of the total number of Board members. These two committees should comprise, as a whole, members that have competence relevant to the sector in which the Society operates. The Chair of the Board will ex officio be a member of any Committee except for the Audit and Risk Committee.
2.3 At least one Director member of the Finance Committee must also be a member of the Audit and Risk Committee.
2.4 The Society Secretary supports Committees, as required. The Society Secretary formally minutes Committee meetings and takes notes at Chairs' Group meetings.
2.5 Staff colleagues are not Committee members and do not have voting rights.
2.6 Each Committee is supported by the Chief Executive Officer (CEO) or a designated Executive Leadership Team (ELT) member. Additional ELT members, colleagues, auditors or advisors may attend as needed, at the Chair's discretion.
2.7 Committees may seek independent professional advice, with prior Board approval, through the Society Secretary.

3. Frequency and Duration of Meetings
3.1 Committees meet as required to fulfil their responsibilities, having regard to the Society's business cycle.

4. Attendance, Conduct and Voting
4.1 Committee members must make every effort to attend all meetings and must advise the Society Secretary in advance if unable to attend.
4.2 A Committee meeting is quorate when at least two Directors are present.
4.3 Papers for meetings should be circulated via the governance app (Convene) to all Committee members for consideration at least five business days in advance.
4.4 Meetings may be held in person or by electronic means, as the Committee Chair decides.
4.5 Committees will seek to reach decisions by consensus. Where a vote is required, decisions are made by simple majority, and the Committee Chair has a casting vote in the event of a tie. Decisions may be made between meetings by written or electronic resolution, with the outcome determined by a simple majority of eligible members responding by the specified deadline.
4.6 Each Committee Chair will liaise with the Society Secretary to agree the agenda items for each meeting.
4.7 In the absence of the Committee Chair or Vice-Chair, the remaining members of a Committee shall elect one of their members as Chair for the meeting.

5. Reporting to the Board of Directors
5.1 After each Committee meeting, the Committee Chair will provide the Chairs' Group and the Board with a one-page summary report outlining the discussions, recommendations for approval by the Board, and issues raised at the meeting.
5.2 Each Committee Chair, in conjunction with the relevant ELT Lead and the Society Secretary, shall prepare a 12-month schedule of work and business planner to be used in setting the Committee agendas. This will follow the business cycle.
5.3 The Committee Chair will write an annual report to the Board (usually for the Board meeting held before the Annual General Meeting (AGM)), summarising the activity of the Committee for the Board year.

6. Term of Office

6.1 Committee tenure for a Director is one year from the date of appointment to that Committee, with the option to extend for further periods of one year. The appointment takes place at the first meeting of the Board after the AGM.

6.2 Committee membership of a Director will cease at the point that they cease to be a Director.

7. Evaluation of Committee Performance

7.1 The Committees will review their performance annually (usually before the AGM) and will agree their priorities for the following Board year, as part of the same process.

7.2 The Chair of the Board will conduct an annual review of each Committee Chair's performance. This will normally be conducted in the 1:1 meeting between the Chair and individual Directors.

7.3 Committee composition will be reviewed annually to ensure an appropriate mix of skills, experience and expertise.

7.4 These Terms of Reference will be reviewed annually by each Committee before the AGM. Any amendments will be subject to Board approval.

8. Skills and Experience

8.1 Board Directors are appointed to Committees according to skills and experience, ensuring each has the required expertise to enable the Committee to undertake its role effectively.

8.2 The Audit and Risk and Finance Committees will always include at least one Director with recent relevant financial experience (preferably an accountant).

8.3 Where the necessary expertise is not available within the current Board of Directors, the Board may co-opt a member of the Society with the necessary expertise to serve on relevant Committee(s).

SECTION TWO – SPECIFIC TERMS OF REFERENCE FOR EACH OF THE COMMITTEES AND THE CHAIRS' GROUP

COMMITTEES

A. REMUNERATION COMMITTEE

1. Purpose:

To oversee the remuneration principles for the Society and specific salary packages for senior colleagues. The Remuneration Committee will include at least three Board members with experience in finance, HR, and governance, plus the Chair of the Board. The CEO and CFO will attend, except where their remuneration is being considered.

2. Functions

2.1 To develop, in conjunction with the ELT, the remuneration principles for HF Holidays; to review and recommend to the Board the Society's remuneration policy for the CEO, ELT and Society Secretary, ensuring that remuneration arrangements are transparent, equitable, and aligned with the Society's values, purpose, and strategic objectives.
2.2 To note the overall percentage salary increase for colleagues, as determined by the Board during the budget process.
2.3 To recommend to the Board the terms and conditions of employment, remuneration, performance-related incentive arrangements, benefits (including pensions) and performance targets for the CEO, ELT and Society Secretary.
2.4 To oversee the operation of incentive schemes and the appraisal process for the CEO and ELT, including the CEO's personal objectives, and to recommend bonus payments and incentive awards to the Board for approval.
2.5 To consider any proposals for discretion to be exercised in relation to incentive outcomes and make recommendations to the Board.
2.6 To recommend for approval any payment relating to loss of office for the CEO and Society Secretary and have an overview of any compensation payments for loss of office, relating to the ELT, including: redundancy payments, compromise agreements, and other payments made on termination of employment.
2.7 To review any major changes in employee benefits or employment arrangements (such as pension provision) throughout the Society.
2.8 To review the annual gender pay gap report, consider the management plan to reduce any gap on a year-by-year basis and agree the reporting for inclusion in the annual report.
2.9 To recommend the remuneration report for inclusion in the annual report, including details of the remuneration of the CEO and ELT as required, and an explanation of the process by which remuneration has been determined.
2.10 To ensure compliance with applicable regulations and take full account of the Co-Operative UK Corporate Code of Governance, while balancing transparency with individual privacy.

B. Finance Committee

1. Purpose

To oversee the Society's financial performance, including income, profitability, cash flow and investment, monitor performance against budget, review reporting to the Board, and exercise delegated approval authority for specified expenditure.

2. Functions

2.1 To review the Society's financial strategy and financial plan, and scrutinise performance against approved budgets, forecasts and relevant KPIs, including income, profitability, EBITDA, margins, costs, cash flow and working capital, ensuring appropriate action is taken to address underperformance.
2.2 To scrutinise the annual operating and capital budgets and recommend them for approval to the Board.

2.3 To review capital expenditure and investment activity against approved budgets and business cases.
2.4 To monitor member investment levels, member share capital, withdrawal trends, membership income, and recommend member investment interest rates to the Board.
2.5 To monitor compliance with financial and banking covenants and consider any actions required to maintain compliance.
2.6 To consider major procurement contracts and significant expenditure proposals within its delegated authority, if any, ensuring agreed benefits and value for money are realised.
2.7 To receive assurance from the ELT that the Society complies with relevant financial, legal and tax requirements.
2.8 To review the affordability, funding and financial implications of the Society's estate and assets.
2.9 To undertake detailed financial scrutiny and make recommendations to the Board on the Investment Policy, investment priorities and related resource allocation.
2.10 To oversee the strategic direction and effectiveness of the Pathways Fund, receive an annual review of its performance and impact, and make recommendations to the Board; and recommend to the Board, for approval, expenditure proposals exceeding £10,000.
2.11 To review the Society's financial reporting and ensure that information provided to the Board supports effective strategic oversight.

C. Audit and Risk

1. Purpose

1.1 To oversee the Society's systems of internal control, risk management and audit reporting and to ensure that the Society complies with the relevant legislation, regulations, accounting standards and good practice and to report on these matters to the Board.

2. Functions

2.1 To oversee and, where considered necessary, make recommendations to the Board for changes to the Society's risk management system, internal controls, assurance framework and its strategic risk register.
2.2 To review the Annual Report and Audited Accounts from an audit, financial reporting and assurance perspective, and recommend them to the Board for approval.
2.3 To review the integrity of the financial statements and other significant financial reporting, ensuring the Board is informed of any significant financial reporting issues and judgements having regard to matters communicated to it by the external auditor.
2.4 To review and challenge, where appropriate, significant accounting policies, unusual transactions, compliance with accounting standards and legal requirements, and the clarity and completeness of financial disclosures, taking account of the views of the external auditor.
2.5 To monitor the Society's financial viability and going concern position and recommend to the Board the going concern statement for inclusion in the Annual Report and Audited Accounts.
2.6 To oversee the appointment of the Society's external auditor at least every seven years, their engagement terms, their annual audit plan and their remuneration.
2.7 To carry out an annual review of the external auditor's performance and team independence as well as, if appropriate, termination of the external audit contract.
2.8 To meet with the external auditor, including privately where appropriate, after the audit, at the reporting stage, to discuss any issues arising from the audit.
2.9. To review the external auditor's findings, audit letter and the management response and report to the Board any findings and recommendations made.
2.10. To consider the need for independent review or audit of any function, process, activity or risk, including the need for, appointment of, and oversight of, specialists to undertake the review.
2.11 To oversee the implementation of any recommendations made by the external auditor or other specialists appointed to undertake any independent review.
2.12 To oversee the Society's arrangements for regulatory compliance, fraud prevention, bribery, and financial crime.

2.13 To oversee the Society's whistleblowing arrangements and ensure concerns are appropriately investigated and addressed.

3. Governance Committee

1. Purpose

1.1 The Committee oversees the governance of the Society, including Board matters related to the Rules and Board membership.

2. Functions

2.1. To ensure the Society's Rules remain compatible with the evolution of the Cooperatives UK Corporate Code of Governance, legislation and organisational best practice.
2.2 To recommend changes to the Rules when considered necessary and oversee the processes for approving such changes and their subsequent implementation.
2.3 To oversee the production of the annual report and audited accounts, including governance disclosures and governance code compliance reporting, and to provide assurance to the Board on governance-related reporting.
2.4 To oversee all matters relating to the recruitment and appointment of Directors, including developing and maintaining a pipeline of potential future Directors.
2.5 To oversee the ongoing effectiveness of Directors, annual appraisal, as well as induction, annual development programmes, skills development and governance training.
2.6 To manage the arrangements for periodic external governance reviews and interim internal effectiveness reviews.
2.7 To oversee all matters relating to the appointment of a President and other Honorary Officers, including nomination, review, role description and code of conduct.
2.8 To arrange for exit interviews for outgoing Directors.
2.9 To oversee and be involved in the recruitment and succession planning of the CEO, Chief Finance Officer (CFO), the Society Secretary and anyone recruited into a role which deputises for the CEO.
2.10 To oversee and annually review CEO succession planning and emergency leadership succession arrangements.
2.11 To oversee and annually review succession plans for the Board, Board Chair and Committee Chairs, including Board composition, skills, diversity and future recruitment requirements.
2.12 To monitor the alignment of governance and decision-making with ICA Co-operative Values and Principles
2.13 To oversee the AGM arrangements, including the AGM Notice, Board elections and AGM participation and engagement.
2.14 To oversee the implementation of and adherence to the Rules.

Chair's Meetings

The Chair may convene meetings of the Committee Chairs, and other Directors as appropriate, to ensure collaboration between Committees and to ensure matters are suitably escalated to the Board for consideration and decision.