

Corporate governance policy guidelines

Reference to 'the Board' shall mean the Board of Directors

Reference to 'the Company' shall mean Bovis Homes Group PLC

These guidelines have been adopted by the Board and provide guidance on how corporate governance principles are applied by the Company.

1. Board membership and balance

The structure, size and composition of the Board is reviewed on a regular basis to ensure that it remains appropriate for the successful direction of business activities.

Consideration is given to boardroom diversity and the mix of experience, skills, ability and vision of executive and non-executive directors by the Nomination Committee.

The Nomination Committee and the Board give regular consideration to planning for succession to Board and senior management positions, ensuring that appropriate management development measures are in place.

The Board currently comprises the Chairman, the Senior Independent Director, three further independent non-executive directors and two executive directors.

2. Board selection

The Board receives recommendations on the appointment of directors from the Nomination Committee, following an evaluation of the balance of knowledge, skills, experience and diversity available on the Board. This Board committee comprises the independent non-executive directors and the Chairman and meets as required.

3. Non-executive director independence

The non-executive directors are independent in character and judgement and free from any business or other relationship which could affect or appear to affect the exercise of their independent judgement on matters under consideration by the Board. The receipt of fair remuneration and being a shareholder is not considered to prejudice independence or prevent a non-executive director from acting independently.

4. Chairman and Chief Executive

The roles of Chairman and Chief Executive are separate and there is a clear division of responsibilities between the two roles which has been set out in writing and approved by the Board. It is normal practice for the role of Chairman to be a non-executive position.

5. Number of directors

An appropriate balance between executive and non-executive directors is maintained. The number of non-executive directors is decided so as to provide the diversity of skills, ability, vision and experience necessary for a sound independent contribution to the Board and the successful management of the business. By way of guidance, at least half the Board, excluding the Chairman, will comprise independent non-executive directors.

6. Length of appointment

Executive directors are employed on service contracts with notice periods which do not exceed one year. Non-executive directors' service agreements set the length of their appointments at periods of up to three years and their notice periods up to twelve months. Their total length of appointment would not normally exceed nine years from the date of their first AGM election.

The renewal of service agreements after two three year terms is subject to rigorous review and based on annual re-appointment thereafter, with the third term extending until the AGM following the ninth anniversary of appointment.

Under the Articles of Association, all directors are subject to retirement by rotation at the AGM at least once in every three years. New directors appointed by the Board must be re-appointed by shareholders at the next following AGM. The Board has agreed that, in accordance with the Code, all directors will offer themselves for re-election at each AGM.

7. Training

On appointment, new directors are given a comprehensive tailored induction to business activities, strategy and methods of operating, policies, procedures and management structure. Directors receive training to complement their roles on the Board and Board Committees, as necessary.

8. Remuneration

The Remuneration Committee determines, on behalf of the Board, the policy for executive remuneration and remuneration for the Chairman, each of the executive directors and senior management in accordance with its terms of reference. The Remuneration Committee comprises the independent non-executive directors and meets as required.

External remuneration advice appropriate to the size and position of the Company is sought when necessary. Non-executive director remuneration, excluding that of the Chairman, is determined by the Board without their participation.

9. Financial information and internal control

The review of submissions for Board approval in respect of the Group's annual report and accounts, half-yearly financial report, preliminary statement and other public financial information is the responsibility of the Audit Committee. The Audit Committee reviews the system of internal control and oversees compliance therewith. The Audit Committee comprises the independent non-executive directors and meets as required.

10. Supply of information

Senior management are responsible for providing the Board with appropriate, complete and timely information relevant to the Board's discharge of its responsibilities, the monitoring of the performance of business activities, including significant variances, principal risks and progress with the implementation of strategies. Directors have reasonable access to senior management to enable them to make further enquiries as they consider in their judgement appropriate.

11. Board procedures and authorities

The Chairman, Chief Executive and Group Company Secretary determine the agenda for each Board meeting and papers are circulated in advance so that matters can be properly considered by the directors. A schedule of matters reserved to the Board for decision is maintained. The Board undertakes annual performance evaluations and a formal external performance evaluation every third year.

12. Relations with shareholders

The Board as a whole accepts responsibility for ensuring that a satisfactory dialogue is maintained with shareholders. The aim is to ensure that this dialogue is based on a mutual understanding of objectives. Investors are encouraged to attend the AGM and to vote and participate.

13. Corporate policies

The Board ensures that corporate policies and procedures on ethical and corporate social responsibility matters, including sustainability, health and safety and the environment are maintained, monitored and reviewed on a regular basis.