

# Board Terms of Reference

## – October 2023



1. MEMBERSHIP	
1.1	<p>The Board will consist of not more than 12 nor less than 8 members. The majority of the Board shall be independent Non-Executive Directors.</p> <p>Members of the Board shall be appointed by the Board, on the recommendation of the Nominations Committee, and shall be subject to election by the Society's Members. The Society's Members also have the right to nominate candidates for election by the Board.</p>
1.2	<p>Appointments to the Board shall be made with regard to the UK Corporate Governance Code, subject to annual re-election by the Members of the Society during the term.</p>
1.3	<p>Only members of the Board have the right to attend Board meetings. Other individuals such as other members of the Executive or Management team, or representatives from Internal or External Audit may be invited to attend as and when appropriate and necessary.</p>
1.4	<p>The membership of the Board is reviewed annually by the Society's Board of Directors.</p>
1.5	<p>The Board shall appoint the Chair and Vice Chair at the first meeting immediately following the Annual General Meeting. At the time of appointment as Chair, the Director concerned shall be an independent Non-Executive Director.</p> <p>The Chair and Committee Chair appointments are subject to PRA (SMF) approval.</p>
1.6	<p>In the absence of the Chair and/or the Vice Chair, the remaining members present shall elect one of themselves to chair the meeting.</p>
1.7	<p>The Board shall appoint one of the independent Non-Executive Directors to be the Senior Independent Director (SID).</p>
2. SECRETARY	
2.1	<p>The Company Secretary or their nominee shall act as the Secretary of the Board.</p>
3. QUORUM	
3.1	<p>The quorum necessary for the transaction of business shall be 5 members, with a majority whom must be Non-Executive Directors.</p> <p>A duly convened meeting of the Board 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 Board.</p>
4. FREQUENCY OF MEETINGS	

4.1	The Board shall meet as often as it shall find necessary but shall hold a minimum of 9 meetings each calendar year (including strategy meetings).
<b>5. NOTICE OF MEETINGS</b>	
5.1	Meetings of the Board shall be called by the Secretary of the Board at the request of any of its members, the Executives, or at the request of External or Internal Auditor if they consider it necessary.
5.2	A notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers shall be forwarded to each member of the Board and any other person required to attend, generally no later than five working days before the date of the meeting.
<b>6. MINUTES OF MEETINGS</b>	
6.1	The Secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance and any conflicts of interest divulged at the meeting.
6.2	Draft minutes of Board meetings shall be circulated to all members of the Board.
6.3	Final signed copies of the minutes of the meetings of the Board should be maintained for the Society's records.
<b>7. ANNUAL GENERAL MEETING</b>	
7.1	All members of the Board should attend the Annual General Meeting (AGM) to answer Member's questions on the Board's activities.
<b>8. DUTIES</b>	
The Board shall carry out the principal duties below for the Society, Subsidiary undertakings and Group as a whole, as appropriate:	
8.1	Determining the strategy and policies of the Group through approval and review of the Annual and Corporate Plans.
8.2	Setting out the guidelines within which the business is managed.
8.3	Ensuring business performance.
8.4	Establishing and monitoring the culture, values and ethics of the Group.
8.5	The Board also has a general duty to ensure that the Group operates within: <ul style="list-style-type: none"> <li>• the Society's Rules;</li> <li>• Rules and guidance issued by relevant Regulatory authorities including the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA); and</li> <li>• All relevant laws.</li> </ul>
<b>9. MATTERS RESERVED TO THE BOARD AND DELEGATED MANDATES</b>	
9.1	Matters which the Board considers suitable for delegation are contained in the Terms of Reference of its Sub-Committees and in a separate document which is appended to these Terms of Reference.
9.2	The Board is responsible for reviewing and approving the Schedule of Matters Reserved to the Board and Delegated Mandates, at least annually.

## 10. MAINTAINING OPEN COMMUNICATIONS WITH THE REGULATOR

10.1	The Board is committed to maintaining open and co-operative ongoing dialogue with the PRA and the FCA. A list of Matters which the Board considers it is required to communicate to the Regulator is detailed in a separate document which is appended to this Terms of Reference.
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## 11. REPORTING RESPONSIBILITIES

The Board shall:

11.1	Ensure appropriate availability of Terms of Reference of the Board to Members and staff.
11.2	Ensure appropriate availability of the Annual Report & Accounts and Pillar 3 Disclosure.

## 12. AUTHORITY

The Board is authorised to:

12.1	Seek any information it requires from any employee of the Group in order to perform its duties.
12.2	Obtain, at the Society's expense, external legal or other professional advice on any matter within its Terms of Reference.
12.3	Call any employee to be questioned at a meeting of the Board as and when required.

## 13. OTHER MATTERS

The Board shall:

13.1	Have access to sufficient resources in order to carry out its duties, including access to the Chief Risk Officer, Head of Compliance, External and Internal Auditors and Company Secretary for assistance as required.
13.2	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.
13.3	As per best practice and in regard to the UK Corporate Governance Code, arrange for external effectiveness reviews to ascertain whether it is operating at maximum effectiveness. (Triennially or when considered most appropriate).
13.4	Receive updates from its sub-Board Committees following each meeting held and receive final minutes of these meetings unless it would be inappropriate to do so.
13.5	Arrange for periodic reviews of its own performance and, at least annually, review its effectiveness and terms of reference to ascertain whether it is operating at maximum effectiveness.

## APPENDIX 1 – KEY RISK DOCUMENTS AND GOVERNANCE

The Board is responsible for (at least) annual approval of the following policies as per the Enterprise Wide Risk Management Framework on recommendation from the appropriate, delegated sub-Board Committee:

Policies for Approval
Annual Report and Accounts
Pillar 3 Disclosure
Summary Financial Statement
Corporate Plan
Annual Plan
Board Statement of Risk Appetite
Climate Risk Management Framework
Group HR Policy
Group Risk Policy
Health & Safety Policy
Individual Capital Adequacy Assessment Process (ICAAP)
Individual Liquidity Adequacy Assessment Process (ILAAP)
Recovery and Resolution Plan incl. Liquidity Plan
Regulatory Reporting Policy
Group IT Policy
Diversity, Equity and Inclusion Policy
Enterprise Wide Risk Management Framework
Cyber Security Policy