

Board – Terms of Reference

To be read in conjunction with the Memorandum & Rules of the Society and the Board Procedures Manual. In the event of a contradiction between documents, the Memorandum & Rules has precedent and then the Board Procedures Manual.

1. The Role of the Board

- a) According to the UK Corporate Governance Code¹, (the Code) the Board is collectively responsible for the success of the Society.
- b) The Board's role is to set the Society's purpose, culture and values, business strategy and risk appetite, to review performance, and ensure that the necessary resources are in place for the Society to meet its objectives.
- c) The Board also has a general duty to ensure that the Society operates within its own Memorandum and Rules² (the Rules), the Board Procedures Manual, relevant laws, rules and guidance issued by relevant regulatory authorities and that proper accounting records and effective systems of internal control are established, maintained, documented and audited.
- d) In carrying out its role, the Board aims to ensure that good customer outcomes are delivered and evidenced to the members and customers whilst maintaining the interests of colleagues and stakeholders, by providing overall direction to the Society and taking collective responsibility for the Society's long-term success.

2. Membership

- a) Under Rule 12, the Board resolves that the business of the Society and any business that the Society proposes to carry on shall be under the direction of a Board of Directors consisting of not more than 12 independent non-Executive Directors and 2 Executive Directors nor less than 4 members (subject to Rule 25(6) which governs the situation should the number of directors fall below 4 at any time).
- b) A clear majority of the Board should be Non-Executive.
- c) Members of the Board shall be appointed by the Board, on the recommendation of the Nomination & Governance Committee. Under the Society Rules, not less than a third of directors shall be subject to either annual election or re-election by the Society's members at the Annual General Meeting. However, the Board has agreed that all Directors shall be elected annually at the Annual General Meeting under the requirements of the UK Corporate Governance Code. The Society's members also have a right to nominate candidates for election to the Board.
- d) The Board shall appoint the Chairperson, the Vice Chairperson and the Chief Executive, the former two roles being elected at the first Board meeting after every Annual General Meeting. The Chairperson and Vice Chairperson holds office until the commencement of the first meeting of the Board held after the next Annual General Meeting, unless either shall cease in the meantime to be a Director or shall resign the office.
- e) At the time of appointment as Chairperson, the Director concerned shall be an independent Non-Executive Director. In the absence of the Chairperson and/or the Vice Chairperson, the remaining members present shall elect one of themselves to chair the meeting.

¹ Latest version published in January 2024 by the Financial Reporting Council (FRC) and effective from 2025

² Latest version approved at the 2022 AGM

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- f) 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.

3. Secretary

- a) The Society Secretary or his or her nominee shall act as the Secretary of the Board.

4. Quorum for Board Discussions

- a) As provided in Rule 16, 3 directors present at any Board meeting, whether in person or by telephone or video link, shall form a quorum, subject to the provisions of Rule 25(6). 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.
- b) In addition to having a minimum of 3 directors present, a voting majority of Non-Executive Directors must be present unless otherwise agreed by the Chairperson.

5. Board Meeting Governance

- a) As provided in Rule 16, the Board shall meet for the despatch of business as often as it shall find necessary, with expectations of a minimum of 6 formal Board meetings and an annual strategy and business planning meeting a year at appropriate times and otherwise as required.
- b) The Secretary of the Board in accordance with the schedule agreed shall call meetings of the Board. Additional meetings may be called by any Board member or at the request of the Chief Executive if he or she considers it necessary.
- c) Unless otherwise agreed, and with reference to the requirements of Rule 16(4), notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be made available to each member of the Board and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be published on the Board Portal to members and to other attendees as appropriate, at the same time.
- d) At each meeting, the Board shall review and evaluate any potential or actual conflict of interest of the Board members.
- e) Questions arising at a meeting shall be resolved by a majority of votes and, in the case of equal votes, the Chairperson of the meeting shall have a second or casting vote.
- f) At least once a year, the Non-Executive Directors should meet without the presence of Executive Directors.
- g) At least once a year, led by the Senior Independent Director, the Non-Executive Directors should meet without the presence of the Chairperson.
- h) The Board has established four standing committees which are as follows:
- Audit Committee (AC)
 - Board Risk Committee (BRC)
 - Remuneration Committee (RemCo), and
 - Nomination & Governance Committee (N+G)

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Each committee has a Terms of Reference, approved by the Board.

The Board may also establish ad hoc Committees to oversee specific projects or matters to be approved outside the ordinary meeting cycle.

- i) Matters to be approved outside the ordinary cycle of business and without a Meeting of the Directors, eg by email circulation, shall be treated as if they were a Written Resolution and unless otherwise agreed, require unanimous consent to be approved as detailed in Rule 18(2).

6. Minutes of meetings

- a) The Secretary shall minute the proceedings of all meetings of the Board, including recording the names of those present and in attendance.
- b) Draft minutes of the Board meetings shall be circulated promptly to the Chair of the Board. Minutes should be circulated to all other members of the Board for review following the Chair's review.
- c) Final signed copies of the minutes of the meetings of the Board should be maintained for the Society's records.

7. Division of Responsibilities

- a) There should be a clear division of responsibilities at the head of the Society between the running of the Board and the Chief Executive's responsibility for the running of the business. No one individual should have unchallenged powers of decision.
- b) The offices of Chairperson and Chief Executive are distinct and held by different people.
- c) Matters not reserved to the Board, the day to day running and general supervision of the business are delegated to the Chief Executive who in turn delegates to other Society colleagues and has established an Executive Committee (ExCo) to support him.

8. Matters reserved to the Board

The Board has a formal schedule of matters that are reserved to it, and it has delegated authority to the four Board Committees, as detailed in the Delegated Authority Framework.

- a) The following matters must not be delegated and remain the responsibility of the Board:
 - i. Major investment decisions of a type not previously undertaken.
 - ii. Entering material contractual agreements with agents and other outside bodies.
 - iii. Responsibilities under the Building Societies Act 1986 and any other appropriate legislation and regulations.
 - iv. Appointment of Chief Executive.
 - v. Appointment of Non-Executive Directors.
 - vi. Appointment of Board Committees.
- b) In managing the authorities delegated to the Board Committees, the Board shall receive from each of the Board Committee Chairs a report on proceedings after each meeting on key decisions and discussions within its duties and responsibilities.

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- c) The Board Committee Chairs should perform a periodic assessment of whether responsibilities included in the Delegated Authority Framework and the Committee Terms of Reference have been achieved. The results of this exercise should be reported to the Board and appropriate action should be taken where it is identified that responsibilities have not been realised.
- d) The Committees are authorised to make whatever recommendations deemed appropriate on any area within its remit where action or improvement is needed.
- e) The Board will receive a report at each meeting confirming which policies have been reviewed and approved by the Board Committees in the interim period between Board meetings. Tracked versions of Policies will be maintained on the Board Portal in order for non-committee members to understand the approved amendments and challenge where appropriate.

9. Annual responsibilities

- a) The Board shall arrange for periodic reviews of its own performance and, at least annually, review its Terms of Reference in order that changes are made in line with the developing risk environment and good practice and recommend any changes it considers necessary.
- b) The Chair should commission, an externally facilitated Board Effectiveness Review in line with UK Corporate Governance Code recommendations. This is currently undertaken every three years.
- c) The Board is committed to maintaining open and co-operative ongoing dialogue with the Prudential Regulation Authority and the Financial Conduct Authority.
- d) The Board periodically considers and approves the Terms of Reference for each of the Board Committees.
- e) The Board Chairperson should attend the Annual General Meeting to answer member questions on the Board's activities.

10. Other matters

- a) The Board will be provided with access to sufficient resources in order to carry out its duties, including access to the Society Secretary for assistance as required.
- b) Appropriate and timely training shall be provided, both in the form of an induction programme for new directors and on an on-going basis for all directors. This includes but is not restricted to the Society Colleague Mandatory Training modules.
- c) Directors are authorised to seek any information required from any employee of the Society in order to perform their duties.
- d) The Board and its Committees are authorised to obtain, at the Society's expense, external legal or other professional advice on any matter within its authority.
- e) Non-material changes to these Terms of Reference can be approved by the Chairperson and noted at the next meeting of the Board.

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Date of approval

January 2025