

BOARD OF DIRECTORS TERMS OF REFERENCE

Purpose of the Committee

The Board directs and supervises the Society's affairs. The principal functions of the Board are to determine the Society's strategy, to review business performance and to ensure that the necessary financial and business systems and controls and human resources are in place for the management of risk and to safeguard the interests of members. The Board meets as often as necessary to discharge these duties effectively. The powers retained by the Board and the powers delegated by the Board are detailed in the Corporate Governance Policy Statement.

1. Constitution

The Society is run by a Board of Directors which comprises Executive and Non-Executive Directors. The Society's Rules allow for the appointment of a minimum of five and a maximum of ten Directors.

The offices of Chairman and Chief Executive are held by different people and each role is clearly defined and documented and agreed by the Board.

The Chairman's main role is to lead the Board ensuring that it acts effectively and to facilitate communication with the Society's Members on behalf of the Board.

The Chief Executive's responsibilities are to manage the Society's business on a day-to-day basis, being accountable to the Board for the financial and operational performance of the Society and for the formulation and implementation of a corporate plan to achieve the strategic objectives set by the Board.

2. Membership

Mr. J. Sandford (Chairman)
Mr. A.J. Horsley (Vice Chairman)
Mr. D.J. Bagley
Mr. K.B. Bernbaum
Mrs. E. Mahmood (Senior Independent Director)
Mr. S. Penlington (Chief Executive)
Mrs. A. Kos (Finance Director)
Mrs. K. Roby (Customer Services Director)

Attendees

Mr. S. Melbourne (Head of Risk and MLRO)
Ms. J Chatwood (Minute Taker)

3. Quorum

At its first meeting after every Annual General meeting, the Board will elect a Chairman and Vice Chairman from its number, to hold office until the commencement of the first meeting after the next Annual General Meeting.

The Board will appoint one of the independent Non-Executive Directors to be the Senior Independent Director to serve as an intermediary for the other Directors when necessary. The Senior Independent Director should be available to Members, staff, Directors and other stakeholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or other Executive Directors has failed to resolve or for which such contact is inappropriate.

The quorum necessary for the transaction of business at each Board meeting shall be three Directors, two of whom must be Non-Executive Directors. A majority of Non-Executive Directors is required at all times.

All matters shall be decided by a majority of votes. Every member present, including the Chairman shall have one vote. In the event of a tie, the Chairman shall have a second and casting vote.

4. Frequency of Meetings

The Society holds a minimum of ten board meetings each year and reserves one day each year to discuss strategy.

At least once a year, the Non-Executive Directors meet without the Executives present.

At least once a year, led by the Senior Independent Director, the Non-Executive Directors meet without the Chairman present.

6. Responsibilities

Strategy and Planning

- * to approve the long term strategy of the Society
- * to approve any major changes to the Society's corporate structure
- * to approve the Corporate Plan, to approve the ICAAP, ILAAP, Recovery & Resolution Plan and Financial Risk Management Policy
- * to approve the Lending Policy and Arrears & Payment Shortfall Policy to approve the Corporate Governance Policy
- * identification and monitoring of the major risks facing the Society and the establishment of appropriate controls to mitigate those risks
- * oversight of the Society's operations and products and services
- * to provide leadership
- * sets the Society's culture, values and standards
- * to receive assurance that the necessary financial and human resources are in place

- * to review management performance
- * to approve the Risk Management Framework and Risk Appetite Policy and the setting of limits
- * to approve the Operational Resilience Policy
- * any decision to cease to operate all or any material part of the business

Annual Report and Accounts

- * to review, agree and approve, the Society's Annual Report and Accounts, Summary Financial Statement, Going Concern Paper, Pillar 3 Disclosure, Section 68/69 Statement and Representation Letters
- * to receive from the external auditors, the Final Audit Findings, , FCA CASS Report and Section 68 Opinion

Regulatory Matters

- * high level monitoring and responsibility for the legal and regulatory governance of the Society
- * review of compliance with regulatory requirements relating to adequate resources and suitability
- * review of compliance with the High Level Standards requirements of the appropriate regulator as set out in the PRA Rulebook and FCA Handbook, including the Principles for Business (PRIN) and Senior Management Arrangements Systems and Controls (SYSC)
- * ongoing review of whether all Approved Persons undertaking Senior Management Functions (SMF) (including all notified non-executive directors) for the Society remain fit and proper to do so
- * accountability for all matters relating to risk and compliance of the business with delegated responsibility to the Audit Risk & Compliance Committee.
- * regular review on the operation of complaints administration within the Society to meet regulatory requirements
- * review of arrangements for ensuring compliance with all prudential and conduct regulatory requirements

Performance Management

- * responsible for the overall management of the Society within the approved risk appetite
- * responsible for agreeing Board level KPIs, setting appetites and triggers for those KPIs and agreeing budgets and performance targets to measure achievement against plan
- * high level monitoring of the performance of the Society through written reports from executive management and other management information, including key performance indicators, risk dashboards and financial performance figures.
- * review of management information supplied by key business areas on the performance of that area, including highlighting the development of any trends which may impact in a negative way on the particular department. This information mentioned above is subject to change at any time and at the request of any member of the Board
- * upon recommendation from the Product and ALCO Committees, to approve new areas of lending including pilots

- * to consider and if felt appropriate, approve any products not meeting Corporate Plan parameters on the recommendation of the ALCO and Product Committees
- * annual assessment of the performance of the Board and individual directors
- * membership and chairmanship of Board Committees
- * appointment and/or removal of the Chief Executive and the Secretary

Human Resources

- * appointment of the Chairman and the Vice-Chairman of the Board on an annual basis
- * consideration of recommendations for the appointment or removal of any Non-Executive Directors of the Society made by the Nominations and Remuneration Committee and approval as appropriate. Any formal appointment will be subject to the prior approval of the appropriate regulator
- * approval of the recommendation for the appointment or removal of individuals either as Executive Directors of the Society or to any of its Senior Manager Functions made by the Chief Executive. Any formal appointment may be subject to the prior approval of the appropriate regulator
- * to note the recommendations of the Nominations and Remuneration Committee in relation to the remuneration and other benefits of all remuneration code staff and Non-Executive Directors
- * to receive a report from the Head of Risk on the overall setting of remuneration for the different business areas of the Society in relation to risk and compliance with the principles of the Remuneration Code
- * to review on at least an annual basis the Society's succession planning arrangements

Whistleblowing

- * to receive an annual report on Whistleblowing
- * to approve the Whistleblowing Policy

Recovery & Resolution Plan

- * to approve the Recovery & Resolution Plan upon recommendation from the Audit Risk & Compliance Committee
- * to approve the Stress Testing and Reverse Stress Testing Policy Statement
- * to approve the stress tests
- * to delegate authority to the Crisis Management Committee (CMC) to manage liquidity during a capital and/or liquidity crisis.
- * at all times the Board retains the right to reconstitute or amend the powers of the CMC
- * to decide when the capital and/or liquidity crisis has ended and stand down the CMC.

Anti-Money Laundering

- to appoint a Director or Executive with prescribed overall responsibility for the Society's anti-money laundering systems and controls
- to appoint a Money Laundering Reporting Officer
- to establish an Anti-Money Laundering governance framework within the Society
- to provide direction to, and oversight of the Society's anti money laundering and combating terrorist financing strategy

- to receive on at least an annual basis, a report from the MLRO on the Society's compliance with Money Laundering requirements
- to receive assurances that adequately skilled resources are devoted to anti money laundering and combating the financing of terrorism
- to approve the Anti-Money Laundering Policy

Financial Crime

- to approve the Fraud Risk Framework
- to approve the Anti-Bribery & Corruption Policy
- to receive on at least an annual basis, a report from the Head of Risk on the Society's compliance with Fraud requirements.

Cyber Crime

- * to approve the Cyber Security Policy and Cyber Incident Response Plan
- * to receive a report on cyber security on a 6 monthly basis and to be satisfied that the Society is adequately protected

Conduct Risk

- * to approve the Conduct Risk Framework
- * to receive a report on conduct risk metrics on a 6 monthly basis
- * to receive on at least an annual basis, a report from the Head of Compliance on the Society's complaints

Data Protection

- * to receive assurance that the requirements of the Data Protection Act 2018, are met
- * to receive on at least an annual basis, a report from the DPO on the Society's compliance with Data Protection requirements.
- * to receive assurance that all staff have an awareness of the importance of data protection
- * to receive assurance that all staff undertake regular data protection training
- * to receive an annual report on data protection breaches
- * to approve the Data Protection Policy
- * to approve the Information Security Policy

Expenditure

- * to approve capital expenditure over £25K controlled by the approval and monitoring of the Corporate Plan

Delegated Authorities

- * to approve the range of delegation of authorities and responsibilities to individuals and Board Sub Committees

Internal and External Auditors

- * to approve any proposed change in the external or internal auditor upon a recommendation from the Audit Risk and Compliance Committee
- * to approve the remuneration of the internal and external auditors

Other Matters

- * to review, agree and approve the Terms of Reference of the Board, Senior Independent Director, Board sub committees and management committees
- * all members of the Board shall attend the Annual General Meeting, prepared to respond to any questions on the Board's activities.
- * agreement and recommendation to the members of any changes to the Memorandum and Rules of the Society
- * discussion of any proposed new business initiatives, including the formation of or disposal of a subsidiary undertaking
- * approval of any programme for or single issuance of long term debt by the Society or any regulatory approved appropriate capital investment
- * approval of the initiation and response to any litigation or proceedings in respect of the Society
- * receipt of Declarations of Interest by Directors in relation to the Building Societies Act
- * to approve the Society's insurances on an annual basis
- * to approve the Health & Safety Policy

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