

MELTON MOWBRAY BUILDING SOCIETY GROUP (“THE GROUP”)

BOARD OF DIRECTORS

TERMS OF REFERENCE



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melton mowbray building society

Composition: The Board shall comprise 6 Non-Executive Directors and 2 Executive Directors elected by the Members. The Board shall elect one of the Non-Executive Directors to be chair and another to be vice-chair.

Meetings: The Board shall meet for the dispatch of business as often as it shall find necessary. At present this is monthly with the exception of August.

Quorum: Four members of the Board at a duly convened meeting shall be a Quorum.

Minutes: Minutes shall be circulated promptly to all members of the Board.

Terms of Reference

Regulatory Matters

High level monitoring and responsibility for legal and regulatory governance of the Society and its subsidiaries

Annual review of compliance with FSA Threshold Condition 4 (adequate resources) and FSA Threshold Condition 5 (suitability)

Annual review of compliance with all the High Level Standards requirements of the FSA as set out in the Handbook, including the Principles for Businesses, and Chapter SYSC on Senior Management Arrangements, Systems and Controls

Ongoing review of whether all Approved Persons undertaking Controlled Functions (including all Non-Executive Directors) remain fit and proper to do so

Appointment of an individual to act as controlled function CF3 (Chief Executive) for the Society

Annual review of arrangements for ensuring compliance with regulatory and legal requirements of the Society and its subsidiaries

Annual review of a report by the Money Laundering Reporting Officer on the Society's and its subsidiaries compliance with Money Laundering requirements

Approval of any changes and at least annual review and reaffirmation of all Board Policy Statements

Annual review of TCF practices with the Society and its subsidiaries

Annual review on the operation of the complaints administration within the Society and its subsidiaries to meet the FSA requirements

Performance Management

Annual review of the Society's status as a mutual organisation, confirming that this remains in the best interest of members

Approval of the long term strategy of the Society and its subsidiaries

High level monitoring of the performance of the Society and its subsidiaries, through written reports from executive management and other management information, including key performance indicators

Approval of all new types of mortgage products. Approval of changes to the details of existing mortgage product types is delegated to the Assets and Liabilities Committee and the Executive

Approval of all new types of investment products. Approval of changes to the details of existing investment product types is delegated to the Assets and Liabilities Committee and the Executive

Human Resources

Appointment of the Chairman and the Vice-Chairman of the Society Board on an annual basis

Consideration of recommendations for the appointment or removal of any Non-Executive Directors of the Society made by the Appointments / Nominations Committee and approval as appropriate. Any formal appointment will be subject to the prior approval of the FSA

Receipt and approval of a report from the Remuneration, HR Management and Selection Committee on succession planning for the Board and senior management of the Society and its subsidiaries

Approval of the recommendation for the appointment or removal of individuals either as Executive Directors of the Society or to any of its Significant Influence Controlled Functions made by the Society's Chief Executive acting in his role as the Appointment and Oversight Controlled Function. Any formal appointment will be subject to the prior approval of the FSA

Approval of the recommendation for the appointment or removal of the Secretary of the Society made by the Society's Chief Executive

Approval of the recommendations of the Remuneration Committee in relation to the remuneration and other benefits of the Executive Directors [and other Senior Management] of the Society

Approval of the recommendation of the Boards of regulated subsidiary companies of the appointment of an individual to act as the controlled function CF3 (Chief Executive) for that company. Any formal appointment will be subject to the prior approval of the FSA

Strategy and Planning

Approval of the long term strategy of the Society and its subsidiaries.

Approval of the proposed corporate plan and budgets put forward by the Society and its subsidiaries

The overall approval, monitoring and review of the major risks facing the Society and its subsidiaries and establish the appropriate controls to mitigate those risks

Procedures

Annual review of the approval of the Board Procedure Manual, including any proposed amendments to the Board Procedures Manual

Annual review and approval of the delegation of authorities

Approval of the establishment of any new or disbanding Board Sub-Committees

Approval of the appointments of individuals to Board Sub-Committees

Approval of the terms of references of the Board Sub-Committees

Approval of changes to the share structure of the Society (eg PIBS issuance)

Agreement and recommendation to the members of any changes to the Memorandum and Rules of the Society

Agreement and recommendation to the members of the Society of any proposed change to the name of the Society

Expenditure

Approval of capital expenditure over certain designated limits

Delegated Authorities

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

External Auditors

Considering any proposed change in the external auditors to the Society and its subsidiaries

Approval of the remuneration of the external auditors

Other Matters

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 of its subsidiaries

Approval of the initiation and response to any litigation or proceedings in respect of the Society and its subsidiaries

Receipt of declarations of interest by Directors in relation to the Building Societies Act

Approval of the annual report and accounts, including the Chairman's Statement and Directors' Report