

MELTON MOWBRAY BUILDING SOCIETY GROUP (“THE GROUP”)

BOARD OF DIRECTORS

TERMS OF REFERENCE

Composition: The Board currently comprises six Non-Executive Directors and two 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 bi monthly.

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

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

1. REGULATORY MATTERS

- 1.1. High level monitoring and responsibility for legal and regulatory governance of the Society and its subsidiaries.
- 1.2. Ongoing review of whether all persons undertaking Senior Management Functions, or acting as a Notified Non-Executive Director, remain fit and proper to do so.
- 1.3. Challenge, review and approve the key regulatory documents on an annual basis, which includes but is not restricted to, the Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP), and the Recovery Plan (incorporating the Liquidity Contingency Plan (LCP)). The Board is ultimately accountable for these policies following consideration and recommendations from the Risk Committee and the Assets and Liabilities Committee in relation to specific elements of these policies.
- 1.4. Annual review of a report by the Money Laundering Reporting Officer on the Society’s and its subsidiaries compliance with Money Laundering requirements.
- 1.5. Annual review of a report by the Whistleblowing Champion on the Society’s whistleblowing arrangements.
- 1.6. Approval of any changes and at least annual review and reaffirmation of all Board Policy Statements:

- Risk Appetite Statement & Risk Policy
- Stress Testing Policy
- Conduct Risk Policy
- Group Lending Policy
- Health & Safety Policy
- Authorisations Policy
- Financial Risk Management Policy

2. PERFORMANCE MANAGEMENT

- 2.1. Annual review of the Society's status as a mutual organisation, confirming that this remains in the best interest of members.
- 2.2. Approval of the long term strategy of the Society and its material subsidiary companies.
- 2.3. High level monitoring of the performance of the Society and its material subsidiary companies, through written reports from executive management and other management information, including key performance indicators.
- 2.4. Approval of all new initiatives. Approval of changes to the details of existing savings and mortgage product types is delegated to the Assets and Liabilities Committee and the Executive.

3. STRUCTURE & GOVERNANCE

- 3.1. Appointment of the Chairman, Vice-Chairman and Senior Independent Director of the Society Board on an annual basis.
- 3.2. Appointment of the Chair of the Board Sub-Committees with appointments subject to prior approval of the FCA and PRA.
- 3.3. Appointment of an individual to act as Senior Management Function 1 (Chief Executive) for the Society.
- 3.4. Consideration of recommendations for the appointment or removal of any Non-Executive Directors of the Society made by the Remuneration & Nomination Committee and approval as appropriate.
- 3.5. Receipt of a report from the Remuneration & Nominations Committee on succession planning for the Board and senior management of the Society and its material subsidiary companies.
- 3.6. Approval of the recommendation for the appointment or removal of any of its Senior Management Function holders. Any formal appointment will be subject to the prior approval of the FCA and PRA.
- 3.7. Approval of the recommendations for the appointment or removal of an individual to act as an Executive Director of the Society. Any formal appointment will be subject to the prior approval of the FCA and PRA.

- 3.8. Approval of the recommendation for the appointment or removal of the Secretary of the Society made by the Society's Chief Executive.
- 3.9. Approval of the recommendations of the Remuneration & Nominations Committee in relation to the remuneration and other benefits of the Executive Directors and other senior management of the Society.
- 3.10. 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 FCA and PRA.

4. STRATEGY & PLANNING

- 4.1. Approval of the long term strategy of the Society and its subsidiaries, focussing quarterly on the key delivery components of financial performance, customer experience and outcomes; risk management and controls.
- 4.2. Approval of the proposed corporate plan and budgets put forward by the Society and its material subsidiary companies.
- 4.3. The overall approval, monitoring and review of the major risks facing the Society and its material subsidiary companies and establish the appropriate controls to mitigate those risks.

5. PROCEDURES

Annual review of:

- the Board Procedure Manual, including any proposed amendments.
- the Society's Responsibilities Map.

Annual review and approval of:

- the delegation of authorities.

Approval of:

- the establishment of any new or disbanding Board Sub-Committees.
- the appointments of individuals to Board Sub-Committees.
- the terms of references of the Board Sub-Committees.
- changes to the share structure of the Society.
- the Pillar 3 Disclosures Document.

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.

6. EXPENDITURE

6.1. Approval of capital expenditure over certain designated limits.

7. DELEGATED AUTHORITIES

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

8. EXTERNAL AUDITORS

8.1. Considering any proposed change in the external auditors to the Society and its material subsidiary companies.

8.2. Approval of the remuneration of the external auditors.

9. OTHER MATTERS

9.2. Discussion of any proposed new business initiatives, including the formation of or disposal of a subsidiary undertaking.

9.3. Approval of any programme for or single issuance of long term debt by the Society or any of its material subsidiary companies.

9.4. Approval of the initiation and response to any litigation or proceedings in respect of the Society and its material subsidiary companies.

9.5. To ensure appropriate declarations or conflict of interest statements are noted by the Board and any related business is handled with due acknowledgement of noted interests. To ensure that any gifts or hospitality events are noted and registered as falling within the Board's approved limits.

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

10. ANNUAL SELF-ASSESSMENT REVIEW

10.1. Conduct an annual review of the Board effectiveness and governance arrangements where, at least triennially, such review is facilitated by an external party.

Document History

<u>Date</u>	<u>Activity</u>	<u>Owner</u>
Jan 2020	Review	ALC
Feb 2020	Annual review to incorporate BER input	MJR/KM