



the**melton**
building society

Terms of Reference Board of Directors

Document Owner – Secretariat
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Role

The Board of Directors is the overall governing body of Melton Mowbray Building Society.

Composition, Frequency, Quorum and Proceedings

Composition: All the Statutory Directors of Melton Mowbray Building Society (Directors) – Non-Executive and Executive.

Chair: At its first meeting following each Annual General Meeting (AGM) in accordance with the Society's Rules the Board shall elect from the Non-Executive Directors a Chair to hold office until the first meeting of the Board held after the next AGM.

In the absence of the Chair, or any Vice Chair appointed in accordance with the Rules, the remaining Directors present shall elect one of their number to chair the meeting.

Secretary: The Secretary to the Board will be the Secretary of the Society, or his or her Deputy.

Attendees: Only the Directors of the Society have the right to attend Board meetings. However, other individuals may be invited to attend for all or part of the meeting, as and when appropriate, such as but not limited to:

- Executive Officers, who are not otherwise Executive Directors, as appropriate.
- Senior Managers to present papers.
- External advisors where necessary.

Frequency: The Board will normally meet at least eight times a year at appropriate times and otherwise as required.

Meetings of the Board will be called by the Secretary of the Board at the request of any of its members.

Quorum: In accordance with Rule 16(1) the quorum necessary for the transaction of business at a duly convened meeting will be at least five Directors, the majority of whom shall be independent Non-Executive Directors, present in person or by telephone /video conference facility.

A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of its authorities, powers and discretions.

In the event of equal votes the Chair shall have a second or casting vote (Rule 16(2)).

Minutes: The Secretary to the Board will minute the proceedings and resolutions of all meetings of the Board and once agreed by the Chair of the Board arrange for the Minutes to be circulated promptly to all members of the Board, if appropriate.

Written Resolutions: Written resolutions must be undertaken in accordance with the requirements set out in the

Society's Rules with written consent required from all the Directors' of the Board for approval.

Mandate: The Board is required to act in accordance with:

- a) All applicable laws, rules and regulations (including rules and guidance issued by the Society's Regulators and the common law, fiduciary and statutory duties of the directors as a matter of building society law).
- b) The Society's constitutional documents, the Rules and Memorandum as approved by members. This includes referring specific matters to members for approval pursuant to relevant legislation and the Society's Rules; and
- c) The UK Corporate Governance Code to the extent appropriate for the Society to have regard to this and where the requirements are relevant to a building society.

Independence To ensure appropriate declarations or conflict of interest statements are noted by the

& Conflict: 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.

It is important that the independence of the Board is maintained and that any conflicts of interest are avoided. There is an opportunity to raise and discuss potential conflicts of interest at the start of each meeting and any potential conflicts are recorded in the minutes.

Responsibilities

The Board is collectively responsible for the duties below for the Society as a whole:

- 1 Accountability to the members of the Society.
- 2 The success, including the long term sustainable success, of the Society and for acting in the best interests of its members as a whole (both current and future) and having regard to the interests of other key stakeholders including customers, colleagues, employees, suppliers and wider society as well as the impact of the Society on the community and the environment.
- 3 Overall management of the Society and the wider Melton Mowbray Building Society Group (the Group) within a framework of risk management and internal controls systems that support and direct financial security and fair outcomes for all.
- 4 Establishing and overseeing the purpose, strategy and values of the Society and reviewing the performance of the Society in light of these.
- 5 Establishing and overseeing a sustainable business model and setting the strategy of the Society and the Group consistent with that model, delegating implementation of the strategy and the 'day to day' management of the Group to the executive team which is led by the Chief Executive Officer [and relevant boards of directors of the Society's subsidiaries as applicable] and reviewing the performance of the Group in light of that strategy.
- 6 Leading, developing and overseeing the Group's culture (including a culture of risk awareness, prudent management and openness with the regulators) ensuring that the desired values and behaviours are Board led and reviewing the performance of the Group in light of its culture and values.
- 7 Ensuring that management fully identifies climate change-related risks in the short, medium and long-term, assesses their materiality, and takes appropriate action according to the materiality of the risks.

- 8 Oversight of the Group's operations ensuring:
 - a) Competent and prudent management.
 - b) Sound planning and risk management.
 - c) Adequate and effective systems of internal control.
 - d) Adequate accounting and other records.
 - e) Compliance with statutory, regulatory and other legal obligations.
 - f) Adequate financial resources.
 - g) The fair treatment of members and customers.
 - h) Appropriate risk aligned remuneration systems.
- 9 Retaining specific matters for its approval which are set out in the Schedule of Board Reserved Matters as set out in Appendix 1.
- 10 The Board may, acting in its ultimate discretion, delegate any of its powers, duties, discretions and authorities relating to the business of the Society in accordance with its Rules, including without limitation to:
 - (a) one or more Directors, other Officer or Officers and/or employee or employees; and/or
 - (b) Committees consisting of such Director or Directors, other Officer or Officers and/or employee or employees; and/or
 - (c) Board Committees, the responsibilities of which are documented within the Terms of Reference of each relevant Board Committee.

Document History

MATTERS RESERVED FOR THE BOARD

Leadership, Strategy and Management

- 1 Responsibility for ethical overall leadership and oversight of the Group.
- 2 Setting and approval of the Society and wider Group's purpose and strategy
- 3 Review of performance of the Society and the wider Group in relation to its purpose and strategy
- 4 Approval of the Strategic Plan and subsequent amendments

Culture and Values

- 1 Setting and approval of the Group's values and the desired culture including its arrangements in relation to Whistleblowing and its appointment of a Whistleblowing Champion
- 2 Responsibility for monitoring and assessing the development of the Society's culture and values
- 3 Review of performance Society and the wider Group in relation to its values and culture
- 4 Ensuring appropriate action is taken in respect of Colleague Engagement survey results

Structure

- 1 Approval of any changes to status as a Building Society, name change, change or extension into new product or geographic areas
- 2 Approval of decisions to set up subsidiaries, cease trading of subsidiaries or a material part of the Society's operations
- 3 Approval of changes to the Group structure, including through any merger and acquisition

Governance Board Membership, other Appointments and Remuneration

- 1 Review of Corporate Governance arrangements
- 2 Receipt of declarations of interest from Directors
- 3 Establishment of the pension policy for the Society, including new pension arrangements and major changes to the contribution and benefit structures of existing pension arrangements and approval of pensions contributions by the Society
- 4 Approval of Terms of Reference for Board and Board Committees (Levels 1 and 2)
- 5 Approval of the Board Manual and the delegated authorities to Board Committees, Executive Committee and ALCO
- 6 Annual approval of Senior Manager Regime Management Responsibilities Map
- 7 Undertaking an externally facilitated Board Effectiveness review at least every three years and a complete internal Board Effectiveness review annually
- 8 Approval of division of responsibilities between Chair and Chief Executive Officer
- 9 On the recommendation of the Remuneration & Nominations Committee (R&NC) approval of:
 - a) the appointment and removal of Directors, including the Chair, Vice Chair, Senior Independent Director and any Board Oversight role, Chief Risk Officer and Company Secretary;
 - b) the membership of the Board Committees and their Terms of Reference, in consultation with the Chair of those Committees

- c) the re-appointment of any Non-Executive Director at the conclusion of their term of office and prior to the re-election by members under the 'retirement by rotation' provisions in the Society's Rules
 - d) in relation to the re-election of Non-Executive Directors (particularly for a term beyond six years) considering their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board;
 - e) the ongoing independence of the current independent Non-Executive Directors
 - f) resolutions to be proposed at the Annual General Meeting
 - g) any change to the size and composition of the Board
 - h) the establishment of the framework for Directors' remuneration and the fees paid including approval of the remuneration of Non-Executive Directors (by Executive Directors and Chair only)
- 10 On the recommendation of the Audit & Compliance Committee (AAC) approval of:
- a) proposals for the appointment, reappointment or removal of external auditors; and
 - b) the Annual Report and Accounts, Summary Financial Statement and Pillar 3 disclosures
- 11 Approval of any document or any resolution proposed at the Annual General Meeting
- 12 Approval of material submissions to regulatory authorities and market announcements
- 13 Approval of any redundancy programme that would involve a total number of redundancies of 5 or more in any 90 day period

Internal Controls and Risk Management

- 1 Approval of the Society's Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and Recovery Plan
- 2 Approval of type A Policies as set out in Appendix 2
- 3 Approval of changes to the capital structure, including a reduction in capital, issue of capital instruments and distribution of reserves
- 4 Approval of the Enterprise Risk Management Framework and Risk Appetite Policy
- 5 Decisions on lending propositions that fall outside the standard mandate levels and parameters set out in the Group Lending Policy
- 6 Receiving Money Laundering Reporting Officer's report
- 7 Receiving Health and Safety report for Group
- 8 Annual review and oversight of the Society's operations ensuring: maintenance of adequate and effective systems of sound management and internal controls, prudent management; proper accounting and other records; and, compliance with laws, rules and regulations
- 9 Authorisation of any benefits or loans offered to any Director [and any connected persons].
- 10 Approval of investments over £100k if included in the Board Approved Strategy. For investments outside the Board Approved Strategy any investment over £50k
- 11 Approval of all acquisitions and disposals of premises
- 12 Approval of new and re-negotiation of existing Tier 1 supplier contracts

Appendix 2

- 1 Board Diversity and Inclusion Policy
- 2 Conduct & Culture Framework
- 3 Conflicts of Interest Policy
- 4 Enterprise Risk Management Framework
- 5 (Group) Risk Appetite Policy
- 6 Health & Safety Policy
- 7 ICAAP (including Reverse Stress Testing)
- 8 ILAAP
- 9 Pillar 3 Disclosures
- 10 Recovery Plan
- 11 Resolution Plan
- 12 Strategic Plan (2021-2026)
- 13 Whistleblowing Policy