



# Board Terms of Reference

<b>Policy Owner</b>	<b>Chair of the Board</b>
<b>Policy Approver</b>	<b>Board</b>
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## **Board Terms of Reference**

### **1. Constitution**

- 1.1 The Board operates in accordance with:
  - 1.1.1 The Rules of the Society (as amended from time to time)
  - 1.1.2 Rules and guidance issued by the relevant authorities including the PRA and FCA
  - 1.1.3 All relevant laws

### **2. Membership & Quorum**

- 2.1. Members of the Board shall be appointed by the Board, on the recommendation of the Nominations Committee (other than the positions of Chair of the Board and Chief Executive Officer, the recommendation for which shall be considered at a meeting of the full Board), and shall be subject to election by the Society's members. The Society's members also have the right to nominate candidates for election to the Board. Appointments to the Committee shall be for a period of one year. Following the election of directors at the AGM, committee membership will be reviewed and members will be appointed/reappointed to the committee.
- 2.2. The majority of Board members shall be independent Non-Executive Directors.
- 2.3. As well as the Non-Executive Directors the Chief Executive Officer, Finance Director, Chief Risk Officer and Deputy Chief Executive will form part of the Board membership.
- 2.4. Only members of the Board have the right to attend Board meetings.
- 2.5. All directors are subject to annual re-election by the members of the Society at the AGM. The Board sets out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the Society's long-term sustainable success. The Chair should not remain in post beyond nine years from the date of their first appointment to the Board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, however a clear explanation should be provided. This is in compliance with the UK Corporate Governance Code.
- 2.6. The Board will appoint the Chair and Senior Independent Director (after the Annual General Meeting). In the absence of the Chair of the Board and/or an appointed deputy, the remaining members present shall elect one of the Non-Executive Directors to chair the meeting.
- 2.7. The quorum necessary for the transaction of business shall be 3 members, of whom the majority should be Non-Executive Directors. 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.
- 2.8. Any conflicts of interest will be divulged at the meeting.

### **3. Attendance at Meetings**

- 3.1. Senior managers, external advisers and any other member of staff may be required to attend all or part of any meeting, at the invitation of the Board.
- 3.2. The Head of Compliance & Secretariat, or his or her nominee, shall act as the Secretary of the Committee.

### **4. Frequency of Meetings**

- 4.1. Board Meetings shall be held at least eight times a year with additional meetings being arranged when required.

- 4.2. Additional meetings of the Board shall be convened at the request of any of its members or at the request of external or internal auditors, if they consider it necessary.

## **5. Notice of Meetings**

- 5.1. The meetings of the Board shall be scheduled annually in advance.
- 5.2. A work-plan and standing agenda shall be used to which items may be added by notifying the Chair.
- 5.3. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Board and any other person required to attend, no later than three working days before the date of the meeting. Supporting papers shall be sent to Board members and to other attendees as appropriate, at the same time.

## **6. Minutes of Meetings**

- 6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance, the substance of the discussions, agreed action points, action owners and dates for completion of those actions.
- 6.2. Draft minutes shall be forwarded to the Chair within 12 working days of the meeting taking place. When approved by the Chair of the meeting the minutes shall be forwarded to all members and attendees of the meeting before the next Board meeting.
- 6.3. The minutes will then be subject to formal Board approval at the next Board meeting.

## **7. Authority**

- 7.1. The Board may exercise all those powers of the Society that are not, by the Statutes or by the Society's Rules, required to be exercised in a general meeting.
- 7.2. The Board and any individual Director may obtain outside legal or independent professional advice from such legal or subject matter expert consultants as required at the Society's expense, and such advisors may be requested to attend meetings as necessary.
- 7.3. The Board may seek any information that it requires from any employee of the Society and all employees are directed to cooperate with any request made by the Board.
- 7.4. The Board may approve Directors & Officers Insurance.
- 7.5. Items requiring approval shall be resolved by a majority of votes and, in the case of an equality of votes, the Chair of the meeting shall have a second or casting vote. Only members of a committee shall have voting and decision-making rights.
- 7.6. Where a committee member has a fundamental disagreement with other committee members, the minutes of the meeting should detail full discussions held to ensure they are a true reflection of the meeting.
- 7.7. Where a decision is required outside of the meeting by email circulation, a unanimous vote will be required.

## **8. Responsibilities - Matters Reserved for the Board**

A list of the schedule of items reviewed is available on request.

## **8.1. Strategy and management**

- 8.1.1. Take responsibility for the overall management of the Society.
- 8.1.2. Take the lead in establishing and overseeing the development of the culture of the Society.
- 8.1.3. Approve the Society's long term objectives and commercial strategy, which should be designed to achieve long-term success, including the Corporate Plan and corporate stress testing.
- 8.1.4. Determine the nature and extent of the Society's risk appetite.
- 8.1.5. Oversee the Society's operations ensuring:
  - competent and prudent management
  - sound planning and risk management
  - an adequate system of internal control
  - adequate accounting and other records
  - compliance with statutory and regulatory obligations
- 8.1.6. In carrying out its risk governance responsibilities, have regard to any relevant advice from the Audit Committee or Internal Audit function concerning the effectiveness of the current control framework.
- 8.1.7. Review performance in the light of the Society's strategy, objectives, business plans and budgets, ensuring that any necessary corrective action is taken, including review of the Board Pack.
- 8.1.8. Make any decision to cease to operate all or any material part of the Society's business.
- 8.1.9. Approve any material changes to the Society's principal risk policies and other policies in accordance with the schedule agreed by the Board Risk Committee from time to time.
- 8.1.10. Approve any changes proposed to the Society's mutual status.
- 8.1.11. Approve major changes to the Society's corporate structure including any merger or creation, acquisition or disposal of any significant business operation, or any other initiative which has significant strategic implications for the Society.
- 8.1.12. Receive the Annual Whistleblowing Report for the Society from the Whistleblowing Champions (the Chair and the Senior Independent Director).
- 8.1.13. The Board is responsible for ensuring that Consumer Duty is properly embedded within the Society. The Board are required to approve the Society's Consumer Duty Self-Assessment on an annual basis.

## **8.2. Financial reporting and controls**

- 8.2.1. Approve the annual report and accounts including the Corporate Governance statement and remuneration report.
- 8.2.2. Approve any significant changes in accounting policies or practices.
- 8.2.3. Approve changes to the Society's management and control structure.
- 8.2.4. Approve any wholesale market issuance.

## **8.3. Board membership and other senior management issues**

- 8.3.1. Approve changes to the structure, size and composition of the Board, following recommendations from the Nominations Committee.
- 8.3.2. Ensure adequate succession planning for the Board and senior management following recommendations from the Nominations Committee.
- 8.3.3. Approve appointments to the Board, following, where appropriate, recommendations by the Nominations Committee, including the appointment of the Chair of the Board, the Chief Executive Officer, the Senior Independent Director and Secretary and the selection of members and Chairs of Board committees and the removal of any such Director or Officer.
- 8.3.4. Approve any proposal to apply a general staff pay increase which goes beyond the budget initially approved by Remuneration Committee.
- 8.3.5. Confirm the termination of service of the Chief Risk Officer on the recommendation of the Board Risk Committee.
- 8.3.6. Approve the appointment, reappointment or removal of the External Auditor to be put to members for approval, following the recommendation of the Audit Committee.

- 8.3.7. Approve any loan to a Director or connected person of a Director.
- 8.3.8. Approve Non-Executive Director fees, excluding the Chair of the Board, and travel and associated expenses payable to all Non-Executive Directors, based on a recommendation from the Remuneration Committee.

#### **8.4. Delegation of Authority**

- 8.4.1. Establish the division of responsibilities between the Chair of the Board and the Chief Executive Officer (CEO), which should be in writing.
- 8.4.2. Approve the terms of reference of Board committees and the job description for each of the CEO, Chair of the Board, Senior Independent Director and Non-Executive Directors.
- 8.4.3. Receive minutes and/or reports from the Board Committees and the Executive Committee on their activities.
- 8.4.4. Review and approve the delegated authorities.
- 8.4.5. The Board may delegate any of its powers to such Committees or individuals as it deems appropriate.

#### **8.5. Corporate governance matters**

- 8.5.1. Determine the independence of directors.
- 8.5.2. Understand the views of the Society's other key stakeholders and describe in the annual report how their interests have been considered in Board discussions and decision making. The Board should keep engagement mechanisms under review so that they remain effective.
- 8.5.3. Review the Society's overall corporate governance arrangements.
- 8.5.4. Agree the Directors' Conflict of Interest statements.
- 8.5.5. Approve major changes to the rules of the Society's pension scheme.
- 8.5.6. Approve resolutions and corresponding documentation to be put forward to members at a general meeting, including proposals for recommendation to the Society's Memorandum and Rules.

#### **8.6 Other responsibilities**

- 8.6.1 Obtain access to sufficient resources in order to carry out its duties, including access to the Head of Compliance & Secretariat for assistance as required.
- 8.6.2 Review its Terms of Reference on an annual basis and make amendments as appropriate.
- 8.6.3 Make its Terms of Reference available on the Society's website in line with our Corporate Governance responsibilities.
- 8.6.4 Determine the nature, amount, format and frequency of the information which it receives, including the information on risk. The appropriateness of the risk information will be assessed annually.
- 8.6.5 Review the adequacy and security of the Society's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 8.6.6 Oversee Pension Risk as defined in the Risk Management Framework.

### **9. Reporting Responsibilities - Annual General Meeting**

Members of the Board shall attend the Annual General Meeting and be prepared to respond to any member questions on the Board's activities, through the Chair of the Board.

## **10. Board Evaluation**

- 10.1 The Board members shall conduct an annual review of the effectiveness of the Board by 31 December each year and shall consider the results, agreeing actions as appropriate.
- 10.2 The Board will also review the results of the annual review of the performance and effectiveness of all Board Committees.
- 10.3 The performance of individual Board members will also be reviewed annually by other Board members and through the Society's formal appraisal processes for Executive and Non-Executive Directors.