

# Board of Directors

## Terms of Reference

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### **1. Composition**

The Board shall comprise of at least five but no more than 12 Directors, the majority of whom shall be Non-Executive Directors.

The Board shall include sufficient independent Directors to ensure that no individual or group of individuals is able to dominate or influence the Board's decision making.

The Board shall have an appropriate range of skills and experience to control and direct the Society's activities effectively.

Only members of the Board have the right to attend meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.

### **2. Meetings and Quorum**

The Board shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Board shall meet at least ten times each year.

For a quorum to be established a minimum of three Directors – with at least two being Non-Executive Directors – must be present.

Meetings will be chaired by the Chairman, or in his absence, the Deputy Chairman. If both are absent, the Directors present at the meeting shall elect a Board member to be Chairman for that meeting.

At the first meeting following every Annual General Meeting, the Board shall elect from its number a Chairman and Deputy Chairman.

At least annually, a meeting with the Chairman and Non-Executive Directors should take place to appraise the Executives' performance. At least annually, a meeting with the Senior Independent Director and Non-Executive Directors – excluding the Chairman – should take place to appraise the Chairman's performance.

### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Society Secretary at the request of any Board Member.

Unless otherwise agreed, notice of each such meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Board and any other person required to attend no later than five working days before the date of the meeting.

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### **4. Minutes of Meetings**

The Society Secretary shall minute the proceedings and resolutions of all meetings of the Board. The Society Secretary shall also record any conflicts of interest or declarations divulged at the meetings. In the absence of the Society Secretary a suitable deputy will be appointed to perform secretarial duties.

A draft of the minutes shall be sent to the Chairman within reasonable time following the meeting and shall be circulated to the Board following approval by the Chairman. The draft minutes shall be reviewed and approved at the next meeting.

### **5. Principal Function**

The principal function of the Board is to determine the strategy, risk management framework and policies of the Society, overseeing their implementation to ensure its long-term sustainability, ensuring that the Society operates within:

- the Society's Rules;
- rules and guidance issued by regulatory authorities;
- all applicable laws; and
- Board approved risk appetite.

### **6. Main Responsibilities**

#### **Strategy**

- Maintain oversight of the long-term purpose, values and strategy of the Society, which includes the Society's purpose, legal status, structure and business activities, including the establishment of any new business proposition; and
- Provide oversight of direct and indirect market impacts to the Society that may provide key opportunity or risk to the Society's strategy.

#### **Performance Management**

- High level monitoring of the performance of the Society, through written reports from the Executive, Management, all Committees and other management information, including key performance and risk indicators.

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### **Risk Management**

- Set risk appetite for the Society in accordance with its Corporate Plan and strategic objectives;
- Cascade key risk decisions to the appropriate Board and Executive Committees to ensure a 'top-down' risk management approach is achieved;
- Have regard for relevant advice from the Audit and Compliance Committee or Internal / External Audit Functions concerning the effectiveness of the current control framework;
- Ensure expert advice and support is available to assist with risk issues.

### **Governance**

- Maintain appropriate governance practices, including review and approval of: -
  - The establishment or disbanding of any Board or Executive Committee;
  - The terms of reference of the Board and Board Committees;
  - The reporting arrangements of the Board and Executive Committees;
  - Changes to the share and/or long-term debt structure of the Society (e.g. issuing Permanent Interest-Bearing Shares or CCDS);
  - Recommendations to Members proposing changes to the Society's Rules;
  - Recommendations to Members regarding any proposed change to the name of the Society; and
  - The delegation of authorities and responsibilities to individuals and Board and Executive Committees.

### **People and Culture**

- Maintain the oversight of culture to promote risk awareness and ethical behaviour for the entire organisation to follow in pursuit of its strategy, including adequate focus on the delivery of fair customer outcomes; and
- Maintain appropriate oversight of the People Strategy, ensuring its delivery is fit for purpose and enables the Society to deliver its wider strategic aims.

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### 7. Annual Review

- At least annually review and approve the following:
  - Annual Report and Accounts
  - Corporate Plan
  - Corporate Social Responsibility Approach
  - Counterparty Review Actions (bi-annually)
  - Credit Risk and Lending Policy
  - Disaster Recovery and Business Continuity Plan
  - Enterprise Risk Management Framework
  - Governance Policy
  - Internal Capital Adequacy Assessment Process (ICAAP)
  - Internal Liquidity Adequacy Assessment Process (ILAAP)
  - Liquidity Contingency Plan
  - Pillar 3 Disclosures
  - Proposition and Product Policy
  - Recovery Plan
  - Resolution Pack
  - Risk Appetites
  - Stress Testing Framework
  - Terms of Reference for all Board and Executive Committees
  - Treasury and Prudential Risk Management Policy

### 8. Matters Reserved for the Board

- In the execution of these principal functions, the Board operates a Committee Structure with various delegated authorities provided to those Committees. There are certain powers however which may not be delegated which are deemed matters reserved for the Board. These are:
  - Approval of the use of the Society's Seal;
  - Proposal of amendments to the Society's Memorandum and Rules;
  - Approval of any purchase and disposal in the Society's estate;
  - Any decision to create, sell, strike off or liquidate a subsidiary company;
  - Approval of delegated authorised signatories to approve or amend bank mandates including verbal or electronic approvals;
  - Approval of changes to the structure, size and composition of the Board;
  - Appointment and oversight of persons undertaking Senior Manager Functions or any other regulated functions;
  - Appointment or removal of Chief Executive, Executive Directors, Society Secretary and CRO & MLRO;
  - Approval of the membership and chairmanship of Board Sub-Committees;

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- Approval of opening or closing any bank account, including any new facility with Bank of England;
- Approval of new treasury and / or swap counterparties;
- Approval of operational spends, capital projects and new supplier relationships involving annual investment of more than £50,000;
- Approval of new suppliers deemed to be performing a critical function ("material outsourcers");
- Approval of the bringing, defending or settling any mortgage related litigation involving a sum or exposure above £50,000. Any litigation for lesser value carries a reporting to the Board obligation only;
- Approval of any single or aggregate mortgage loan in excess of £1m which is classified as "Out of Policy" lending in accordance with the Society's Credit Risk and Lending Policy. Approval must be received by a quorate Board. All Non-Executive Directors have the right to veto any application;
- Approval of the Society's Standard Variable Rate in respect of Residential and Buy to Let Mortgages;
- Approval of new propositions; and
- Approval of products in which pricing does not meet the Society's hurdle rate.

Approved By:	Date:
Board	24 June 2021

# Audit and Compliance Committee

## Terms of Reference

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### **The Audit and Compliance Committee is a Board Committee**

#### **1. Composition**

The Committee shall be made up of four independent Non-Executive Directors. At least one member of the Audit and Compliance Committee must have recent and relevant financial experience.

The Chairman, CEO, Finance Director, Head of People, Risk and Governance, Head of Compliance and Financial Crime and representatives for both the Society's internal and external audit function shall be invited to attend the meetings of the Committee.

The Committee may invite other attendees as necessary.

#### **2. Meetings and Quorum**

The Committee shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Committee shall meet at least four times each year.

For a quorum to be established a minimum of three members must be present.

In the absence of the Committee Chair, the remaining members present at the meeting shall elect a member to be Chair for that meeting.

There should be at least one meeting a year where the Committee meets the External and Internal Auditors without Executive Directors present.

The Head of Compliance and Financial Crime (SMF16) shall have direct access to the Chair and will also report to the Committee. In addition, the Head of Compliance and Financial Crime shall meet with the Committee Chair at least once a year without Executive Directors present.

#### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Society Secretary at the request of the Committee Chair, any Committee member or the Head of Compliance and Financial Crime.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend five working days before the date of the meeting.

# Audit and Compliance Committee

## Terms of Reference

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### 4. Minutes of Meetings

The Society Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Society Secretary shall also record any conflicts of interest or declarations divulged at the meetings. In the absence of the Society Secretary a suitable deputy will be appointed to perform secretarial duties.

A draft of the minutes shall be sent to the Committee Chair within reasonable time following the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.

### 5. Principal Function

The principal function of the Committee is to ensure that the interests of Members are protected in relation to financial reporting and internal controls. The main items dealt with by the Committee are: -

- Bribery, Corruption and Fraud Prevention;
- Compliance;
- External Audit;
- Financial Reporting;
- Internal Audit;
- Internal Controls and Risk Management Systems;
- Regulatory Reporting; and
- Whistleblowing - ensuring that arrangements are in place by which employees may, in confidence, raise concerns about possible improprieties in respect of financial reporting, financial control or any other matters.

In addition, the Committee is authorised by the Board to: -

- investigate any activity within its Terms of Reference;
- seek any information that it requires from any employee of the Society, for which purpose all employees are directed to co-operate with any request made by the Committee; and
- obtain external legal or independent professional advice, at the Society's expense.

### 6. Main Responsibilities

#### **MR1 – Financial Controls & Reporting**

- Review, and challenge where necessary, the actions and judgements of management, in relation to the Society's financial statements, summary financial statement and the operating and financial review before submission to, and approval by, the Board, and before clearance by the auditors. Particular attention is paid to: -

## Audit and Compliance Committee

### Terms of Reference

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- the integrity of the financial statements and any formal announcements relating to the Society's financial performance;
- critical accounting policies and practices, and any changes in them;
- decisions requiring a significant element of judgement; and
- whether the financial statements, taken, are fair, balanced and understandable.

#### **MR2 – Internal Audit**

- Monitor and review the effectiveness of the Society's internal audit function – particularly, the following;
  - the integrity and effectiveness of the Society's internal financial controls, reporting and risk management;
  - the appointment and removal of the Internal Auditor;
  - the remit of the internal audit function and ensure it is adequately resourced, has access to necessary information and has appropriate standing within the Society;
  - the Annual Internal Audit Plan;
  - the role and effectiveness of the internal audit function in the overall context of the Society's risk management framework; and
  - the appointment and performance of the outsourced internal auditors. At appropriate intervals, obtain an independent and objective external assessment of the internal audit function.

#### **MR3 – External Audit**

- Oversee the Society's relations with the External Auditor;
- Consider and make recommendations to the Board, which are to be put to Members for approval at the Annual General Meeting, on the appointment, reappointment and removal of the external auditor;
- Approve the terms of engagement and the remuneration to be paid to the external auditor in respect of the audit services provided;
- Assess the qualifications, expertise and resources, effectiveness and independence of the external auditors; and
- Develop and recommend to the Board the Society's policy in relation to the provision of non-audit services by the auditor and ensure that the provision of such services does not impair the external auditor's independence or objectivity.

#### **MR4 – Regulation and Compliance**

- Consider and report to the Board the effect of any statutory, regulatory or financial reporting changes, or corporate governance issues, which may affect the content and presentation of the Society's accounts, its systems of control and any other matters relating to the direction of the Society;



## Audit and Compliance Committee

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- Assess the adequacy of resource and skillset of those involved in independent compliance monitoring as well as instructing the compliance function to carry out specific review of any area of operations causing concern to the Committee;
- Maintain oversight of actions that have been allocated to the first line of defence following a compliance or risk assessment conducted by the second line of defence;
- Approve and monitor progress of the annual Combined Assurance Plan, taking into account the risk assessment of each area of the business; and
- Review the Society's policies and processes for detecting and preventing bribery, corruption and fraud.

#### MR5 – Annual Review

- At least annually review and approve, if necessary, the following:
  - Annual Report and Accounts
  - Anti-Bribery and Corruption Report
  - Anti-Money Laundering and Terrorist Financing Risk Assessment
  - Combined Assurance Plan
  - Compliance Approach
  - Finance & Banking Operations Policy
  - Financial Crime Policy (inc. supporting Sub-Policies)
  - Fit & Proper Policy
  - General Data Protection Policy
  - Gifts & Hospitality Policy
  - Money Laundering Reporting Officer's Report
  - Mortgage Impairment & Provisioning Policy
  - Procurement and Outsourcing Policy
  - Regulatory Reporting Policy
  - Whistleblowing & Anti-Bribery and Corruption Policy
- At least annually the Committee reviews its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommends any changes it considers necessary to the Board for approval.
- Every three years the Committee carries out a full review of internal and external audit provision.

Approved By:	Date:
Board	26 November 2020
Audit and Compliance Committee	26 November 2020

# Board Risk Committee

## Terms of Reference

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### **The Board Risk Committee is a Board Committee**

#### **1. Composition**

The Committee shall be made up of four independent Non-Executive Directors.

The Executive Directors and the Head of Risk shall be invited to attend the meetings of the Committee.

The Committee may invite other attendees as necessary.

The Chairman of the Board may be a member of, but may not Chair, the Committee.

#### **2. Meetings and Quorum**

The Committee shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Committee will meet at least four times each year.

For a quorum to be established a minimum of three members must be present.

In the absence of the Committee Chair, remaining members present at the meeting shall elect a member to be Chair for that meeting.

The Head of Risk shall have direct access to the Chair and will also report to the Committee. In addition, the Head of Risk shall meet with the Committee Chair at least once a year without the Executive Directors present.

#### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Society Secretary at the request of the Committee Chair, any Committee member or the Head of Risk.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend five working days before the date of the meeting.

#### **4. Minutes of Meetings**

The Society Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Society Secretary shall also record any conflicts of interest or declarations divulged at the meetings. In the absence of the Society Secretary a suitable deputy will be appointed to perform secretarial duties.

## Board Risk Committee Terms of Reference

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A draft of the minutes shall be sent to the Committee Chair within reasonable time following the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.

### **5. Principal Function**

The principal function of the Committee is to

- assist the Board in fulfilling its oversight responsibilities for risk management across the Society;
- provide oversight in relation to the Society's risk framework, profile and appetite and escalate all matters pertaining to risk to the Board; and
- investigate specific risk management issues delegated by the Board (top-down risk management).

### **6. Main Responsibilities**

#### **Enterprise Risk Management Framework**

- Oversee the development, implementation and continual improvement of the Society's Enterprise Risk Management Framework and its integration with Strategy and the Corporate Planning process;
- Have regard for any advice received from the Audit and Compliance Committee, or the Society's Internal Auditors, concerning the effectiveness of the control framework;
- Ensure that the risk function has sufficient resources and appropriate skills to fulfil its responsibilities; and
- Provide oversight of, and challenge to, the risk management and oversight arrangements of the Executive Management Team to promote and maintain a supportive risk culture that puts members first within the Society.

#### **Risk Appetite**

- At least annually, review and recommend risk appetite statements and supporting metrics to the Board;
- Ensure that the Corporate Plan is within the overall risk appetite set by the Board; and
- Review the Society's risk profile in respect of performance against risk appetite, providing oversight of and challenge to proposed actions to mitigate exposures, escalating matters to the Board when necessary.

#### **Risk Monitoring**

- Oversee the activities of the Society's executive risk Committees, in particular the Society's top risks, emerging risks and controls in place to mitigate exposure;

## Board Risk Committee Terms of Reference

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- Review independent second line reports, including those from the Head of Risk, including appropriate management information and assurance; and
- Oversee the Society's corporate insurance cover to ensure that it provides adequate financial protection against the risks associated with the Society's business model; and
- Ensure adequate capital and liquidity resources are maintained for the Society's key risk exposures, both to ensure regulatory compliance and the achievement of its Corporate Plan, by recommending the Society's ICAAP, ILAAP, Recovery Plan and Resolution Pack to the Board for approval.

### Annual Review

- At least annually review and approve the following:
  - Conduct Risk Policy
  - Information Security Policy
- At least annually review and recommend to the Board the following:
  - Credit Risk and Lending Policy
  - Enterprise Risk Management Framework
  - Treasury and Prudential Risk Management Policy
- At least annually the Committee reviews its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommends any changes it considers necessary to the Board for approval.

Approved By:	Date:
Board Risk Committee	28 January 2021
Board	28 January 2021

# Nomination Committee

## Terms of Reference

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### **The Nomination Committee is a Board Committee**

#### **1. Composition**

The Committee shall be made up of all Non-Executive Directors and Executive Directors.

The Head of People, Risk and Governance shall be invited to attend the meetings of the Committee.

The Committee may invite other attendees as necessary.

#### **2. Meetings and Quorum**

The Committee shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Committee will meet at least once each year.

For a quorum to be established a minimum of three members must be present.

In the absence of the Committee Chair, the remaining members present at the meeting shall elect a member to be Chair for that meeting.

The Chair should chair the Committee unless it is dealing with the appointment of a successor of the Chairmanship, in which case the members present should elect a member to act as Chair for that meeting.

#### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Society Secretary at the request of the Committee Chair or any Committee member.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend five working days before the date of the meeting.

#### **4. Minutes of Meetings**

The Society Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Society Secretary shall also record any conflicts or declarations of interest divulged at the meetings. In the absence of the Society Secretary a suitable deputy will be appointed to perform secretarial duties.

A draft of the minutes shall be sent to the Committee Chair within reasonable time following the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.

## Nomination Committee

### Terms of Reference

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#### **5. Principal Function**

The principal function of the Committee is to oversee the structure, skills, succession planning, composition and effectiveness of the Board and its Committees.

#### **6. Main Responsibilities**

##### **MR1 – Board Composition**

- Regularly review the structure, size and composition of the Board, evaluating skills, knowledge, experience and diversity and make recommendations to the Board regarding changes. The Committee takes the responsibility for nominating candidates (for election / re-election) to fill Board vacancies.

##### **MR2 – Succession Planning**

- Give full consideration to succession planning for both the Board and Senior Management positions, oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Society and the skills and expertise needed on the Board and within the Senior Management Team in the future.

##### **MR3 – Board and Committee Effectiveness**

- Formally and regularly review the effectiveness of both the Board and its Board Committees to ensure the Society is led by an effective Board; and
- Instigate an independent review of Board Effectiveness at least every three years

##### **MR4 – Senior Manager and Certification Regime**

- Review an assessment of the continued fitness and propriety of Senior Management Function (SMF) holders (including notified Non-Executive Directors) together with the Responsibilities Map at least annually (and when there are any material changes) and recommend any changes to the Board.

## Nomination Committee

### Terms of Reference

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#### **MR5 – Annual Review**

- At least annually the Committee reviews its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommends any changes it considers necessary to the Board for approval.

<b>Approved By:</b>	<b>Date:</b>
Board	25 June 2020
Nomination Committee	20 August 2020

# Remuneration Committee

## Terms of Reference

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### **The Remuneration Committee is a Board Committee**

#### **1. Composition**

The Committee shall be made up of all Non-Executive Directors. The Chair of the Committee will also be appointed by the Board. The Chairman of the Board shall not be Chair of the Committee.

The Executive Directors and the Head of People, Risk and Governance shall be invited to attend all, or part of, any meeting when appropriate.

The Committee may invite other attendees as necessary.

#### **2. Meetings and Quorum**

The Committee shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Committee will meet at least twice a year.

For a quorum to be established a minimum of three members must be present.

In the absence of the Committee Chair, the remaining members present at the meeting shall elect a member to be Chair for that meeting.

#### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Society Secretary at the request of the Committee Chair or any Committee member.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend five working days before the date of the meeting.

#### **4. Minutes of Meetings**

The Society Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Society Secretary shall also record any conflicts of interest or declarations divulged at the meetings. In the absence of the Society Secretary a suitable deputy will be appointed to perform secretarial duties.

A draft of the minutes shall be sent to the Committee Chair within reasonable time following the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.



## Remuneration Committee

### Terms of Reference

#### 5. Principal Function

The principal function of the Committee is to set the over-arching principles, parameters and governance framework of the Society's remuneration policy, principles and practices such that they support the long-term success of the Society and attract, retain and motivate Executive Directors and senior management of the quality required to run the Society successfully.

#### 6. Main Responsibilities

##### MR1 – Performance Management

- Ensure that a transparent, stretching and rewarding performance management structure is in place; and
- Oversee compliance with the performance management structure to ensure that it is applied rigorously and fairly, and that non-performance is appropriately dealt with.

##### MR2 – Remuneration

- Remuneration for the Chair and the Directors will be approved as follows: -

Role	Governance Requirement
Society Chairman	To be approved by Chair of Remuneration Committee and Deputy Chairman with input from the Chief Executive.
Non-Executive Directors	To be agreed by Chairman and Chief Executive.
Chief Executive	To be agreed by the Remuneration Committee, following a performance discussion.
Finance Director Other Executive Directors	Remuneration should be recommended by the Chief Executive to the committee and is subject to the Committee's approval.

- Ensure that the remuneration and benefits awarded are in accordance with the Society's budget and consistent with industry standards;
- Oversee any major changes in employee benefits structures throughout the Society;
- Approve the design of, and determine targets for, any performance related pay schemes operated by the Society and approve the total annual payments made under such schemes;
- Ensure that performance related elements of remuneration are transparent, stretching and rigorously applied, having regard to the risk appetite of the Society. Further, ensure that failure is not rewarded;

## Remuneration Committee

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- Approve contractual terms on termination, including any payments made, to ensure they are fair to the Society, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- Determine the terms of any service agreement entered into with any Executive Director with the objective that notice periods are set appropriately.

#### **MR3 – Governance**

- Ensure that no Director or manager is involved in any decisions about their own remuneration;
- Establish the selection criteria and selecting, appointing and setting the Terms of Reference for any remuneration consultants who advise the Committee;
- The Chief Executive may exit any employee – with the exception of the Society Secretary, Executive Directors and Head of Compliance and Financial Crime (SMF16) – within contractual terms, but anything in excess of contractual terms will be referred to the Remuneration Committee.

#### **MR4 – Annual Review**

- At least annually review and approve the following:
  - Performance Management Policy
  - Remuneration Policy
  - An annual report of the Society's remuneration policy and practices which will form part of the Society's annual report and ensure each year that it is put to members for approval at the AGM.
- At least annually the Committee shall review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Approved By:	Date:
Remuneration Committee	25 June 2020
Board	25 June 2020

# Assets and Liabilities Committee

## Terms of Reference

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### **The Assets and Liabilities Committee is an Executive Committee**

#### **1. Composition**

The Committee shall be made up of Executive Directors, the Head of Planning, Information and Prudential, the Financial Controller and the Products Manager.

The Committee may also invite other attendees as necessary; this includes Non-Executive Directors.

External advisers appointed by the Society for treasury related matters may attend as requested. Representatives must declare their firm's interests.

#### **2. Meetings and Quorum**

The Committee shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Committee shall meet at least ten times each year.

For a quorum to be established a minimum of three members must be present; at least one member must be an Executive Director. In addition, the Chief Risk Officer – or a suitable deputy – must be in attendance to provide independent second line oversight and challenge.

Meetings will be chaired by the CEO, in the absence of which the remaining members present at the meeting shall elect a member to be Chair for that meeting.

#### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Committee Secretary at the request of the Committee Chair, any Committee member or any Non-Executive Director.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend four working days before the date of the meeting.

#### **4. Minutes of Meetings**

The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Committee Secretary shall also record any conflicts of interest or declarations divulged at the meetings.

A draft of the minutes shall be sent to the Committee Chair within reasonable time following the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.

# Assets and Liabilities Committee

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### 5. Principal Function

The principal function of the Committee is to manage assets and liabilities in accordance with the Society's prudential and systemic risk appetite and treasury limit structure.

#### Matters Reserved for the Board

- Approval of delegated authorised signatories to approve or amend bank mandates including verbal or electronic approvals;
- Approval of opening or closing any bank account, including any new facility with the Bank of England; and
- Approval of new treasury and / or swap counterparties.

### 6. Main Responsibilities

#### Liquidity Management

- Manage liquidity positions in accordance with risk appetite ensuring compliance with the Overall Liquidity Adequacy Rule to ensure customer retail requirements can be met;
- Assess the adequacy of liquid assets held by the Society, in terms of quality and quantity, in relation to cashflow forecast and stressed scenarios to ensure contingency positions and options available remain appropriate and feasible.

#### Funding Management

- Manage funding in accordance with risk appetite ensuring compliance with the Overall Liquidity Adequacy Rule to ensure customer lending requirements can be met;
- Oversee the mix, stability and tenure of retail, wholesale and other funding sources and monitor asset encumbrance to ensure this remains appropriate; and
- Review and approve the Society's contingency funding plans.

#### Counterparty Credit Risk Management

- Review on at least a bi-annual basis the Society's Counterparty exposures and recommend to the Board any new additions for approval; and
- Monitor adherence to counterparty credit limits and agree any necessary actions to reduce or increase exposures.

#### Interest Rate Risk Management

- Manage interest rate risk within the interest rate risk appetite statement; and
- Monitor the gap analysis to ensure positions are aligned to risk appetite and agree any necessary actions to reduce risk exposure.

## Assets and Liabilities Committee

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- Monitor the economic environment in respect of swap and yield activity and fair value implications; and
- Discuss and review trends in Government economic policy and economic conditions to determine any emerging risks and necessary actions.

#### **Concentration Risk Management (Treasury)**

- Manage concentrations in accordance with risk appetite and regulatory and Board limits.

#### **Capital Management**

- Monitor capital resources and requirements to ensure this is being managed in accordance with risk appetite.

### **7. Risk Management**

- In accordance with the Society's Enterprise Risk Management Framework, the Committee is responsible for the management and oversight of the following risk appetites:
  - Capital
  - Concentration
  - Credit (Counterparty)
  - Funding
  - Interest Rate
  - Liquidity

### **8. Annual Review**

- At least annually review and recommend to the Board the following: -
  - Counterparty Review Actions
  - ICAAP
  - ILAAP
  - Liquidity Contingency Plan
- At least annually review and recommend to the Board Risk Committee the following: -
  - Treasury and Prudential Risk Management Policy
- At least annually the Committee shall review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Approved By:	Date:
ALCO	16 June 2021
Board	24 June 2021

## Assets and Liabilities Committee Terms of Reference

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# Credit Risk Committee

## Terms of Reference

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### **The Credit Risk Committee is an Executive Committee**

#### **1. Composition**

The Committee shall be made up of Executive Directors, the Head of Operations and the Head of Credit Risk and Underwriting.

The Committee may invite other attendees as necessary; this includes Non-Executive Directors.

External advisers appointed by the Society for credit related matters may attend as requested. Representatives must declare their firm's interests

#### **2. Meetings and Quorum**

The Committee shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Committee shall meet at least ten times each year.

For a quorum to be established a minimum of three members must be present; at least one member must be an Executive Director. In addition, the Chief Risk Officer – or a suitable deputy – must be in attendance to provide independent second line oversight and challenge.

Meetings will be chaired by the Commercial Director, in the absence of which the remaining members present at the meeting shall elect a member to be Chair for that meeting.

To ensure good customer outcomes, the Committee is authorised to make lending and / or credit decisions – in accordance with the Credit Risk and Lending Policy Mandate Structure – by way of email exchange providing that all members allocated a mandate are included in the circulation and there are sufficient responses to establish a quorum.

#### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Committee Secretary at the request of the Committee Chair or any Committee member.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend four working days before the date of the meeting.

## Credit Risk Committee

### Terms of Reference

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#### **4. Minutes of Meetings**

The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Committee Secretary shall also record any conflicts of interest or declarations divulged at the meetings.

A draft of the minutes shall be sent to the Committee Chair within reasonable time following the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.

#### **5. Principal Function**

The principal function of the Committee is to; -

- Manage the operation of the Society's lending strategy and policies ensuring that proper consideration is given to credit risk control and regulatory requirements of lending; including responsible lending requirements; and
- Oversee compliance of indicative Sourcebook limits and capital at risk exposures set by the Board.

#### **Matters Reserved for the Board**

- Approval of the bringing, defending or settling any mortgage related litigation involving a sum or exposure above £50,000. Any litigation for lessor value carries a reporting to the Board obligation only; and
- Approval of any single or aggregate mortgage loan in excess of £1m which is classified as 'Out of Policy' lending in accordance with the Society's Credit Risk and Lending Policy. Approval must be received from a quorate Board.

#### **6. Main Responsibilities**

##### **Market Awareness**

Maintain awareness of market developments and the economic environment that may result in credit losses.

##### **Sourcebook and Internal Limits**

Ensure the Society's mortgage book complies with regulatory and Board approved limits in respect of backbook exposures and pipeline forecasts.



## Credit Risk Committee

### Terms of Reference

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#### **New Lending Credit Quality**

Track the credit quality of new lending including reporting of out of policy lending, early arrears emergence and assessment of capital at risk in the context of the credit risk appetite statement.

#### **Back Book Credit Quality**

Track the credit quality of the Society's back book including a rotational review of back book and cross book segments and all aspects of impairment. Any concerns in respect of conduct risk must be escalated to the Operational Risk and Conduct Committee to ensure these are addressed by the most appropriate forum.

#### **Arrears Management**

Track arrears performance and ensuring that early warnings are addressed – and escalated – in the event of emerging arrears trends. Any concerns in respect of conduct risk must be escalated to the Operational Risk and Conduct Committee to ensure these are addressed by the most appropriate forum.

#### **Stress Testing**

Conduct routine stress tests assessing both the Society's exposure in the event of severe but plausible scenarios (including links to ICAAP) and borrower exposure to rate rise and potential payment shock. Any concerns in respect of conduct risk must be escalated to the Operational Risk and Conduct Committee to ensure these are addressed by the most appropriate forum.

### **7. Risk Management**

- In accordance with the Society's Enterprise Risk Management Framework, the Committee is responsible for the management and oversight of the following risk appetites:
  - Climate Change
  - Concentration
  - Credit

### **8. Annual Review**

- At least annually review and recommend to the Board the following:-
  - Credit Risk Model
  - Lending Limits

## Credit Risk Committee Terms of Reference

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- At least annually review and recommend to the Board Risk Committee the following:-
  - Credit Risk and Lending Policy
- At least annually review and approve the following: -
  - Mortgage Collections & Recoveries Policy
  - Valuation Guidance Notes
  - UK Finance Handbook
  - Warranty Provider Review
- At least annually the Committee shall review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Approved By:	Date:
Credit Risk Committee	16 June 2021
Board	24 June 2021

# Executive Committee

## Terms of Reference

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### **1. Composition**

The Committee shall be made up of Executive Directors, the Head of Operations, the Head of Strategy and Organisational Development, the Head of Credit Risk and Underwriting, the Chief Risk Officer & MLRO and the Risk and Governance Manager & Society Secretary.

The Committee may also invite other attendees as necessary; this includes Non-Executive Directors. The Chair should approve invites prior to the meeting taking place.

### **2. Meetings and Quorum**

The Committee shall meet regularly to discharge its duties effectively. It is expected that the Committee shall meet at least once each month.

For a quorum to be established a minimum of three members must be present with at least one being an Executive Director.

Meetings will be chaired by the Chief Executive Officer, in the absence of which the remaining members present at the meeting shall elect a member to be Chair for that meeting.

### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Committee Secretary at the request of the Committee Chairman or an Executive Director.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend four working days before the date of the meeting.

### **4. Minutes of Meetings**

The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Committee Secretary shall also record any conflicts of interest or declarations divulged at the meetings.

A draft of the minutes shall be sent to the Committee Chair within reasonable time of the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.

## Executive Committee

### Terms of Reference

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#### 5. Principal Function

The principal function of the Committee is to implement and deliver the Board approved Strategy and Corporate Plan in accordance with the Society's Purpose, Vision, Objectives, Initiatives and Values. The Executive Committee oversees the day to day operations of the Society's business with focus on topics relating to performance, change, cost management and people, as well as reviewing matters which are to be presented to the Board.

The Executive Committee has delegated authority from the Board to ensure the Society's long-term sustainability, ensuring that the Society operates within:

- the Society's Rules;
- rules and guidance issued by regulatory authorities;
- all applicable laws; and
- Board approved risk appetite.

#### Matters Reserved for the Executive Committee

- Approval of Business Cases and Project Initiation Documents in accordance with the Society's Project Governance Policy;
- Responding to any incident which triggers the Society's Disaster Recovery and Business Continuity Plan;
- Approval of new supplier relationships involving annual investment of less than £50,000 in accordance with the Society's Procurement and Outsourcing Policy; and
- Approval of "Pink GEM" awards in respect of employee performance.

#### 6. Main Responsibilities

##### Strategy

- Monitor progress against Strategic Objectives and Initiatives and take appropriate action to ensure delivery;
- Maintain an awareness of direct and indirect market impacts to the Society that may provide key opportunity or risk to the Society's Strategy;
- Act as the custodian of the Society's brand, image and reputation and ensure that all new initiatives are consistent with the Society's brand identity; and
- Oversee the implementation of the Society's Corporate Social Responsibility Approach.

## Executive Committee Terms of Reference

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### **Performance Management**

- Review Management Information to ensure that the Society is performing against:-
  - the Board approved Corporate Plan / Corporate Plan Re-forecast;
  - its budgets in respect of cost-management;
  - internal delivery objectives and service-level agreements;
  - its contractual obligations in respect of third-party relationships.
- Monitor the Society's performance in respect of regulatory expectations and acknowledging / acting upon escalations from the Regulatory Review Committee.

### **Organisational Development**

- Manage and implement the Society's People Strategy, ensuring its delivery is fit for purpose;
- Ensure that there are appropriate resources, skills and capabilities in place to execute the Board approves Strategy and Corporate Plan;
- Ensure development and talent management of employees is considered and monitored through succession planning;
- Consider the results of Employee Engagement surveys.

### **Risk Management**

- The Executive Committee has a dotted line to the Board Risk Committee. In accordance with the Society's Enterprise Risk Management Framework, the Executive Committee is responsible for the management and oversight of the following risk appetites due to linkage with strategy and Committee responsibilities:
  - Capability
  - Competition
  - Compliance
  - Economic and Environment
  - Governance Practice
  - Legal
  - Reputation

## Executive Committee Terms of Reference

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### Annual Review

- At least annually review and recommend to the Audit and Compliance Committee the following: -
  - Compliance Approach
  - Procurement and Outsourcing Policy
- At least annually review and recommend to the Board the following: -
  - Corporate Social Responsibility Approach
  - Governance Policy
- At least annually review and approve the following: -
  - Expenses Policy
- At least annually, the Committee shall review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Approved By:	Date:
Executive Committee	13 April 2021

# Operational and Conduct Risk Committee

## Terms of Reference

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### **The Operational and Conduct Risk Committee is an Executive Committee**

#### **1. Composition**

The Committee shall be made up of the Chief Executive, Commercial Director, Head of Operations, Head of Credit Risk and Underwriting, Head of Compliance and Financial Crime, Head of IT and Information Security, People Business Partner and the Products and Mortgage Systems Manager.

The Committee may also invite other attendees as necessary; this includes Non-Executive Directors.

#### **2. Meetings and Quorum**

The Committee shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Committee shall meet at least five times each year.

For a quorum to be established a minimum of three members must be present. In addition, the Head of Risk – or a suitable deputy – must be in attendance to provide independent oversight and challenge.

Meetings will be chaired by the Head of Credit Risk and Underwriting, in the absence of which the remaining members present at the meeting shall elect a member to be Chair for that meeting.

#### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Committee Secretary at the request of the Committee Chair or any Committee member.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend four working days before the date of the meeting.

#### **4. Minutes of Meetings**

The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Committee Secretary shall also record any conflicts of interest or declarations divulged at the meetings.

A draft of the minutes shall be sent to the Committee Chair within reasonable time following the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.

# Operational and Conduct Risk Committee

## Terms of Reference

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### 5. Principal Function

The principal function of the Committee is to manage and oversee the identification, impact and mitigation of operational risks and conduct risks to ensure that the Society continues to have robust controls, processes and systems in place and operates a framework that is adequately focused on the delivery of fair customer outcomes.

Each member of the Committee has an obligation to bring to the Committee's attention any operational risk or conduct risk issue that would be considered to have, at least, a significant impact – in accordance with the Society's Risk Matrix – to the Society's risk profile and explain any corrective or mitigating action(s) taken and / or planned.

#### Matters Reserved for the Board

- Approval of delegated authorised signatories to approve or amend bank mandates including verbal or electronic approvals;
- Approval of operational spends, capital projects and new supplier relationships involving annual investment of more than £50,000; and
- Approval of new suppliers deemed to be performing a critical function ("material outsourcers").

### 6. Main Responsibilities

#### Risk Profile

- Review the Society's operational risk profile to ensure this aligns with the Society's operational risk appetite statements; and
- Review the Society's risk profile in relation to conduct risk to ensure this aligns with the conduct risk appetite statement and policy.

#### Risk Event Analysis

- Assess root causes of significant operational risk and conduct risk events to determine whether changes or updates are required to the Society's control environment; and
- Review and assess external risk events to determine whether any mitigating action is required.

#### Product Lifecycle

- Be satisfied that the Society's range of savings and mortgage products are designed to be suitable for the needs and circumstances of customers, and appropriate governance and oversight arrangements are in place to assess conduct risks associated with each of the Society's range of products; and



# Operational and Conduct Risk Committee

## Terms of Reference

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- Review post-sale analysis and the continued sale of existing products to establish any potential conduct risk exposures.

### Customer Outcomes

- Review member feedback, satisfaction surveys and complaints data including root cause analysis and complaints to the Financial Ombudsman Services to determine if results are aligned to risk appetite, culture and behaviours;
- Oversee specific reviews and / or assessments (“deep dives”) initiated from time to time by the second line of defence into any area to do with ensuring fair treatment for customers and ensure that actions and recommendations are applied within reasonable time; and
- Be satisfied that appropriate arrangements are in place to monitor compliance with regulatory requirements with regard to treating customer fairly and delivering fair outcomes.

### Horizon Scanning

- Review and understand the regulatory landscape in respect of conduct and operational risk-related change to ensure appropriate actions are in place to mitigate potential risk exposures and to deliver regulatory expectations;
- Consider emerging risks and determine whether the actions taken by the Society to mitigate and / or reduce the impact of such risk is satisfactory; and
- Analyse the Society’s Internal Change Programme to ensure that potential conduct and / or operational risks have been identified and that the actions taken to mitigate and / or reduce the impact of such risk is satisfactory.

## 7. Risk Management

- In accordance with the Society’s Enterprise Risk Management Framework, the Committee is responsible for the management and oversight of the following risk appetites:
  - Conduct
  - Financial Crime
  - Information Security
  - Policy, Process and People
  - Projects

## 8. Annual Review

- At least annually review and recommend to the Audit and Compliance Committee the following: -
  - Finance and Banking Operations Policy
  - Financial Crime Policy
  - Fit and Proper Policy

## Operational and Conduct Risk Committee

### Terms of Reference

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- General Data Protection Policy
- Gifts and Hospitality Policy
- Procurement and Outsourcing Policy
- Regulatory Reporting Policy
- Whistleblowing and Anti-Bribery and Corruption Policy
  
- At least annually review and recommend to the Board Risk Committee the following: -
  - Conduct Risk Policy
  - Information Security Policy
  
- At least annually review and recommend to the Board the following: -
  - Disaster Recovery and Business Continuity Plan
  
- At least annually review and recommend to the Remuneration Committee the following: -
  - Performance Management Policy
  
- At least annually review and approve the following: -
  - Absence Policy
  - Bullying and Harassment Policy
  - Complaints Policy
  - Database Management Policy
  - Deceased Management Policy
  - Disciplinary Policy
  - Employees as Customers Policy
  - Equality and Diversity Policy
  - Family Policy
  - Financial Crime Sub-Policies
  - Financial Promotions and Marketing Policy
  - Flexible Working Policy
  - Grievance Policy
  - Health, Safety and Welfare Policy
  - Intermediary Due Diligence Policy
  - IT Policy (inc. Cookies Policy)
  - Learning and Development Policy
  - Mortgage Servicing Policy
  - Payroll Policy
  - Probation Policy
  - Project Governance Policy
  - Recruitment and Selection Policy
  - Redundancy Policy
  - Savings and Third-Party Services Policy
  - Vulnerable Persons and Financial Abuse Policy

## Operational and Conduct Risk Committee Terms of Reference

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- At least annually note the following: -
  - Proposition and Product Policy
  
- At least annually, the Committee shall review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Approved By:	Date:
Operational and Conduct Risk Committee	14 January 2021
Board	28 January 2021

# Proposition Committee

## Terms of Reference

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### **The Proposition Committee is an Executive Committee**

#### **1. Composition**

The Committee shall be made up of Executive Directors, the Head of Compliance and Financial Crime, the Head of Credit Risk and Underwriting, the Head of Operations, the Head of Prudential, Information and Planning and the Products and Mortgage Systems Manager.

The Committee may also invite other attendees as necessary; this includes Non-Executive Directors.

#### **2. Meetings and Quorum**

The Committee shall meet sufficiently regularly to discharge its duties effectively. It is expected that the Committee shall meet at least ten times each year.

For a quorum to be established, a minimum of three members must attend, one of which must be an Executive Director. To ensure appropriate segregation of duty, the Committee should be satisfied that the quorum is appropriate for the type of product being approved. In addition, the Head of Risk – or a suitable deputy – must be in attendance to provide independent oversight and challenge.

Meetings will be chaired by the Head of Operations, in the absence of which the remaining members present at the meeting shall elect a member to be Chair for that meeting.

To ensure good customer outcomes and to facilitate rapid responses to significant market changes, the Committee is authorised to make pricing decisions by way of email exchange providing that all members are included in the circulation and there are sufficient responses to establish a quorum.

#### **3. Notice of Meetings**

Meetings may be arranged outside of the annual schedule by the Committee Secretary at the request of the Committee Chair or any Committee member.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee and any other person required to attend five working days before the date of the meeting.

## Proposition Committee Terms of Reference

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### 4. Minutes of Meetings

The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Committee Secretary shall also record any conflicts of interest or declarations divulged at the meetings.

A draft of the minutes shall be sent to the Committee Chair within reasonable time following the meeting and shall be circulated to Committee members following approval by the Committee Chair. The draft minutes shall be reviewed and approved at the next meeting.

### 5. Principal Function

The principal function of the Committee is to oversee the Society's performance, including financial performance, against its current proposition, product and pricing strategy and to consider key drivers such as competitor analysis and market data to determine any required changes.

The Committee has a responsibility to ensure that any crystallised or identified conduct or prudential risks are escalated to the appropriate Committee.

#### Matters Reserved for the Board

- Approval of the Society's Standard Variable Rate in respect of Residential and Buy to Let Mortgages;
- Approval of new propositions; and
- Approval of products in which pricing does not meet the Society's hurdle rate.

### 6. Main Responsibilities

#### Proposition Analysis

- Monitor the performance of the Society's proposition from a market, consumer and financial perspective;
- Discuss, challenge and recommend to the Board any new propositions – or changes to an existing proposition – ensuring that appropriate links to the Society's strategy and Corporate Plan have been considered;
- Consider market activity and developments and any forthcoming and prospective regulatory or legislative changes which may strategically impact prospective or existing propositions; and
- Oversee third-party relationships and distribution channel activity to ensure arrangements remains commercially viable.

## Proposition Committee Terms of Reference

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### Product and Pricing Strategy

- Review the performance of the existing product range from a consumer and financial perspective – with specific focus on margin – to determine if any changes to the Society's product suite are required;
- Monitor economic activity, consumer demand and product placement within the market to ensure that product and pricing complements the Society's strategy and Corporate Plan;
- Maintain oversight of mortgage yield, savings yield and overarching margin position and determine if any actions are required to improve positions;
- Assess financial forecasts and assumptions to determine any emerging risks or potential opportunities;
- Approve the launch of products – or an amendment to a product – that meets, or is above, the Society's hurdle rate; and
- Approve the withdrawal of any product.

### Annual Review

- At least annually review and recommend to the Board the following:-
  - Pricing Model
  - Proposition & Product Policy
- At least annually the Committee shall review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Approved By:	Date:
Proposition Committee	12 January 2021
Board	28 January 2021

## Statement of Responsibilities – Chairman

<b>Name</b>	Peter Hubbard
<b>Title</b>	Chairman / Chair of the Nomination Committee
<b>Reports to</b>	Senior Independent Director
<b>Role Description</b>	<p>Provide leadership to the Board of Directors and take responsibility for the following:</p> <ul style="list-style-type: none"> <li>Facilitating the effective performance and contribution of all Non- Executive Directors</li> <li>Facilitating the removal of any Non-Executive Director should performance not meet the required standards or for any other reason under the Society's Rules or the Non-Executive Director's Service Agreement</li> <li>Leading the selection process for Executive Directors</li> <li>Chairing Board meetings and those of the Board's Nomination Committee</li> <li>Running the Board and ensuring the effectiveness in all aspects of its role, including regularity and frequency of meetings</li> <li>Setting the Board agenda, which shall be forward looking, concentrating on strategic matters and taking into account the important matters facing the Society and views of the other Directors</li> <li>Ensuring that there is appropriate delegation of authority from the Board to the executive management</li> <li>Ensuring that the Directors receive accurate, timely and clear information, including that on the Society's current performance, to enable the Board to take sound decisions, monitor and scrutinise effectively and provide advice to promote the success of the Society</li> <li>Managing the Board to allow enough time for complex or contentious issues</li> <li>Ensuring the Board as a whole plays a full part in the development and determination of the Society's strategy and overall objectives</li> <li>Ensuring constructive relations between the Executive and Non-Executive Directors</li> <li>Ensuring effective implementation of Board decisions and the Executive Directors</li> <li>Promoting communication between Executive and Non-Executive Directors, both inside and outside the Boardroom</li> <li>Ensuring the Board has the appropriate balance of skills and personalities</li> <li>To remain appraised of matters relating to the Board and its Committees.</li> </ul> <p>Collective Board responsibilities include:</p> <ul style="list-style-type: none"> <li>Supporting the executive and senior management in their leadership of the business</li> <li>Overseeing the controls and systems of risk management to ensure that they are robust and secure</li> <li>Questioning and challenging business proposals / decisions</li> <li>Scrutinising the performance of the executive against agreed objectives</li> <li>Monitoring the reporting of management information to ensure that it is complete and reliable</li> <li>Discharging any responsibilities stated in Terms of Reference</li> </ul>

## Statement of Responsibilities – Chairman

	<p>Chair of Nomination Committee:</p> <ul style="list-style-type: none"> <li>Responsible for the conduct and effectiveness of the Nomination Committee, in particular, in fulfilling its obligations and responsibilities set out in the Terms of Reference.</li> </ul>
<b>Senior Management Functions</b>	<b>SMF 9:</b> Chairman Function – Responsibility for Chairing, and overseeing the performance of the role of, the governing body of the Society.
	<b>SMF 13:</b> Chair of the Nominations Committee – Acting in capacity of Chair of the Committee
<b>Prescribed Responsibilities</b>	<b>F</b> – Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the Society's governing body.
	<b>I</b> – Responsibility for leading the development of the Society's culture by the governing body as a whole
<b>Business Activities</b>	None
<b>Certification Functions</b>	None
<b>Other Functions</b>	None
<b>Matters reserved to the Board</b>	As set out in the Board Terms of Reference



## Statement of Responsibilities – SID

<b>Name</b>	Nicole Coll
<b>Title</b>	Senior Independent Director / Chair of Audit and Compliance Committee / Whistleblowers' Champion
<b>Reports to</b>	Chairman
<b>Role Description</b>	<p>Collective Board responsibilities include:</p> <ul style="list-style-type: none"> <li>Supporting the executive and senior management in their leadership of the business</li> <li>Overseeing the controls and systems of risk management to ensure that they are robust and secure</li> <li>Questioning and challenging business proposals / decisions</li> <li>Scrutinising the performance of the executive against agreed objectives</li> <li>Monitoring the reporting of management information to ensure that it is complete and reliable</li> <li>Discharging any responsibilities stated in the Terms of Reference</li> <li>Meeting without the Chairman, at least annually, to review the Chairman's performance.</li> </ul> <p>Senior Independent Director:</p> <ul style="list-style-type: none"> <li>Act as a sounding board for the Chairman</li> <li>Lead the evaluation of the Chairman on behalf of the Directors.</li> <li>Oversee the independence, autonomy and effectiveness of the Society's policies and procedures on whistleblowing and effectively fulfil the role of whistleblowing champion.</li> </ul> <p>Chair of the Audit and Compliance Committee;</p> <ul style="list-style-type: none"> <li>Responsible for the conduct and effectiveness of the Audit and Compliance committee, in particular, in fulfilling its obligations and responsibilities set out in the Terms of Reference.</li> </ul>
<b>Senior Management Functions</b>	<b>SMF 11:</b> Chair of the Audit Committee – Responsibility for Chairing, and overseeing the performance of any Committee for the internal audit system of the Society.
	<b>SMF 14:</b> Senior Independent Director – Performing the role of a Senior Independent Director, and having particular responsibility for leading the assessment of the performance of the person performing the Chairman function.
<b>Prescribed Responsibilities</b>	<b>J</b> – Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of the internal audit function
	<b>K</b> – Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of the compliance function

## Statement of Responsibilities – SID

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	<p><b>N</b> – Responsibility for the independence, autonomy and effectiveness of the Society’s policies and procedures on whistleblowing, including the procedures for protection of staff who raise concerns</p> <p><b>X</b> – If the Society outsources its internal audit function, taking reasonable steps to ensure that every person involved in the performance of the service is independent from the persons who perform external audit, including (a) supervision and management of the work of the outsourced internal auditors and (b) management of potential conflicts of interest between the provision of external audit and internal audit services.</p>
Business Activities	None
Certification Functions	None
Other Functions	None
Matters reserved to the Board	As set out in the Board Terms of Reference

## Statement of Responsibilities – CEO

<b>Name</b>	Jeremy Wood
<b>Title</b>	Chief Executive Officer
<b>Reports to</b>	Chairman
<b>Role Description</b>	<p>Primarily responsible for:</p> <ul style="list-style-type: none"> <li>Developing the Society's objectives and strategy for approval by the Board</li> <li>Ensuring sufficient availability and adequacy of funding sources</li> <li>Ensuring the Society's objectives, strategy and service delivers good customer outcomes</li> <li>Leading and overseeing both internal and external communication</li> <li>Risk management and financial controls</li> <li>Optimising the use and adequacy of the Society's resources</li> <li>Ensuring the culture of the Society is in line with the broader expectation of the Board and Executive Managers</li> <li>Delivering high quality management information to the Board</li> <li>Ensuring the Society's structure is appropriate and adequate for the business's requirements and resourced adequately.</li> </ul>
<b>Senior Management Functions</b>	<b>SMF 1:</b> Chief Executive Function – Responsibility, under the immediate authority of the Governing body, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of the Society.
<b>Prescribed Responsibilities</b>	<b>A</b> – Responsibility for the Society's performance of its obligations under the Senior Management Regime.
	<b>B</b> – Responsibility for the Society's performance of its obligations under the employee certification scheme.
	<b>B-1</b> – Responsibility for the firm's obligations in relation to individual conduct rules for training and reporting.
	<b>C</b> – Responsibility for compliance with the requirement of the regulatory system about the management responsibilities map.
	<b>E</b> – Responsibility for the allocation of all prescribed responsibilities in accordance to 3.1.
	<b>G</b> – Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing designated Senior Management Functions on behalf of the Society other than members of the governing body.

## Statement of Responsibilities – CEO

Prescribed Responsibilities	H – Responsibility for overseeing the adoption of the Society's culture in the day to day management of the Society.
	T – Responsibility for the development and maintenance of the Society's business model by the governing body.
	U – Responsibility for the Society's performance of its obligations under fitness and propriety in respect of its notified Non-Executive Directors.
Business Activities	7 – <b>Wholesale Sales:</b> The selling of any investments to a person other than a retail customer.
	8 – <b>Retail Sales:</b> The selling of any investment to a retail customer.
	13 – <b>Retail Lending Decisions:</b> Deciding whether, and on what terms, to lend to retail customers. Lending includes granting.
	14 – <b>Wholesale Lending Decisions:</b> Deciding whether, and on what terms, to lend to persons who are not retail customers. Lending includes granting credit, leasing and hire (including finance leasing).
	18 – <b>Customer Service:</b> Dealing with Customers after the point of sale, including queries and fulfilment of customer requests.
	19 – <b>Customer Complaints Handling:</b> This included the Society's compliance with DISP. It includes: (1) any similar procedures relating to activities that do not come under the jurisdiction of the Financial Ombudsman Service; (2) activities that take place outside the UK; and (3) activities that are not subject to any ombudsman service.
	20 – <b>Collection and Recovery:</b> Collecting and recovering amounts owed to the Society by its Customers and dealing with Customers in arrears. This is extended to cover all services provided by the firm and not just those that are provided by the course of carrying a regulated activity or an ancillary service.
	22 – <b>Information Technology</b>
	23 – <b>Business Continuity Planning</b>
	24 – <b>Human Resources:</b> This includes recruitment, training and competence and performance monitoring
	25 – <b>Incentive Schemes</b>

## Statement of Responsibilities – CEO

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	+ <b>Governance</b> – Overseeing the Society's Corporate Governance structure
	+ <b>Legal</b> – Overseeing the Society's internal provision of legal services
	+ <b>Financial Risk associated with Climate Change</b> – Overseeing the embeddedness of and consideration of financial risks from climate change
	+ <b>Outsourcing</b> – Overseeing the Society's approach to managing material outsourcers / critical suppliers
Certification Functions	None
Other Functions	None
Matters reserved to the Board	As set out in the Board Terms of Reference