

Terms of reference

BOARD OF DIRECTORS

Approved by the Board of Directors (the **Board**) of Dudley Building Society (the **Society**) on 28 February 2025 (to take effect on 1 March 2025).

1. PURPOSE

The Board is the Society's overall governing body, comprising persons who have been elected by the members to serve as Directors, ultimately responsible for the Society's strategic direction as well as its business, affairs, conduct and culture. This includes deciding the Society's strategic direction, setting business objectives and risk appetite, allocating financial and non-financial resources to meet those objectives, and monitoring the Society's culture and performance.

2. DUTIES AND RESPONSIBILITIES

- 2.1 The Board's principal functions are outlined below in 2.2. Its duties and responsibilities are out in a schedule of reserved matters and policies which form part of these terms of reference.
- 2.2 The Board's principal functions are to:
 - 2.2.1 ensure the Society's long-term success;
 - 2.2.2 review progress toward delivering the strategy and measure performance against agreed objectives and corporate plans;
 - 2.2.3 manage the Society responsibly and in accordance with law, regulation and the Society's Memorandum and Rules;
 - 2.2.3 determine the nature and extent of significant risks; and
 - 2.2.4 maintain an adequate and effective system of internal control and risk management.

3. POWERS AND DELEGATION

- 3.1 Consistent with the Society's Rules,¹ the Board may exercise all the powers of the Society except those that must be exercised by the Society's members in general meeting under the Rules or the Building Societies Act 1986.
- 3.2 The Board may delegate any of its powers, duties, discretions and authorities to individuals or committees (Rule 12), and in the case of committees may make, amend or revoke without notice rules for the membership and conduct of such committees.

¹ Dated 1 September 2023

4. MEMBERSHIP

- 4.1 The Board comprises all Directors of the Society, whether executive or non-executive.
- 4.2 In accordance with Rule 12(1), the Board shall consist of not less than five and not more than 12 members and the Board may from time to time resolve the number of members who shall together constitute the Board within these limitations. The Board has resolved that it shall consist of seven Directors.
- 4.3 The majority of Board members should be independent non-executive Directors.
- 4.4 The Board has resolved that all Directors shall be subject to annual re-election.
- 4.5 Directors will ordinarily not serve on the Board for not more than nine years from the date of their first appointment. This may be extended for a limited time in exceptional cases.

5. CHAIR

The Director elected to the office of Chair under Rule 15 shall chair meetings of the Board. If the Chair is absent or unable to chair the meeting due to a conflict of interests, the Director elected the office of Vice-chair under Rule 15 (if any), shall chair all or the relevant part of the meeting. If the Vice-chair is absent or unable to chair the meeting due to a conflict of interests, or if the Board has not elected a Vice-chair, the remaining Directors present shall elect one of their number to chair all or the relevant part of the meeting.

6. SECRETARY

The Society Secretary will be the Secretary of the Board.

7. MEETINGS

Quorum and decision-making

- 7.1 Meetings will be quorate if there are present at least three Directors (Rule 16(1)).
- 7.2 A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of its powers, duties, discretions and authorities.
- 7.3 Questions arising at a meeting 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.

Attendance

- 7.4 Only members of the Board have the right to receive notice of and attend meetings. Other persons may be invited to attend all or part of a meeting at the Chair's discretion. This may include Chief Officers who are not Directors, as appropriate; members of senior management to present papers; and external advisors.

Notice of meetings

- 7.5 A Director may, and the Secretary at the request of a Director shall, call a meeting of the Board.

- 7.6 Notice of each meeting confirming the venue, time and date of the meeting, together an agenda and supporting papers (if any) will be sent to Directors, and if appropriate attendees, no later than six days before the date of the meeting.

Frequency

- 7.7 The Board will usually meet at least eight times per annum and otherwise as required.
- 7.8 Outside of Board meetings, Directors will maintain dialogue with each other and with key members of executive and senior management involved in the governance and leadership of the Society, such as members of the Executive Committee.

Participation

- 7.9 Subject to the Chair's approval, members and attendees may participate in meetings of the Board via conference telephone, video or other communication equipment. The location of the meeting shall be determined in accordance with Rule 16(6).

Minutes

- 7.10 The Secretary shall minute the proceedings and resolutions of the Board's meetings.
- 7.11 The Secretary shall record any conflicts of interests declared at each meeting.
- 7.12 Draft minutes shall be sent to the Chair within a reasonable timeframe after each meeting and, once agreed, shared with all members (unless it would be inappropriate to do so).

8. WRITTEN RESOLUTIONS

The Board may pass a written resolution as an alternative to meeting in person. The resolution may consist of several documents (including electronic documents) and must be signed by all Directors (Rule 18(2)).

9. COLLECTIVE AND INDIVIDUAL RESPONSIBILITY

- 9.1 As members of a unitary board, all Directors (whether executive or non-executive) share, and are bound by, decisions of the Board even if they do not support the decision or participate in the decision-making process.
- 9.2 The accountabilities of individual Directors under the Senior Managers Regime are additional to Directors' collective responsibility as members of the Board. Directors remain individually responsible for implementing the Board's decisions, and should take reasonable steps in doing so, to the degree that such decisions fall within the scope of the Director's Senior Management Function responsibilities.

10. OTHER MATTERS

- 10.1 The Board will review its own performance, constitution and these terms of reference to ensure it is operating effectively and report the results and any recommendations arising from the review to the Board.

- 10.2 The Board has authority to oversee any investigation of the Society's activities and seek any information it requires from any Society employee or call on any employee to be questioned at a Board meeting as and when required.
- 10.3 The Board may obtain, at the Society's expense, external and independent legal or other professional advice on any matter within its terms of reference, where reasonably required to enable the Board to discharge its duties and responsibilities.