



# **TERMS OF REFERENCE OF THE BOARD OF BEVERLEY BUILDING SOCIETY ('the Society')**

## **1. PURPOSE**

The principal purpose of the Board is responsibility for the long-term success of the Society, including determining the Society's strategy, reviewing business performance and ensuring the necessary risk management, financial and operational systems and controls and human resources are in place. These systems and controls should support an effective system of governance, enabling decision making and achievement of the Society's primary objective of safeguarding Members' interests.

## **2. CONSTITUTION**

A majority of the Society is led by a unitary Board of Directors which comprises Executive and Non-Executive Directors. The Society's Rules allow for a minimum of six and a maximum of ten Directors.

The Society's Memoranda define its purpose, its adoptable powers and any restrictions. Society Rules cover the main operating aspects, including the powers and duties of the Board and requirements for meetings, resolutions and ballots.

The offices of Chair and Chief Executive are distinct and held by different individuals.

-The primary role of the Chair is to lead the Board, ensuring that it acts effectively, and to facilitate communication with the Society's Members on behalf of the Board.

-The responsibilities of the Chief Executive are to manage the Society's business on a day-to-day basis, being accountable to the Board for the financial and operational performance of the Society and for the formulation and implementation of a corporate plan to achieve the strategic objectives set by the Board.



The Board operates through a series of meetings of the full Board, held as often as considered necessary for the proper conduct of its business, and through its sub-committees, namely:

- Risk Committee
- Audit and Compliance Committee
- People & Culture Committee (covering all of the functions of a Nominations and a Remuneration Committee)

At its first meeting after every Annual General Meeting, the Board elects from its membership a Chair who shall generally hold office until the commencement of the first meeting after the next Annual General Meeting.

The Board appoints one of the independent Non-Executive Directors to be the Senior Independent Director to provide a sounding board for the Chair, to serve as an intermediary for the other Directors when necessary and to be available to members, staff, Directors and other stakeholders.

### **3. MEMBERSHIP**

Non-Executive Director and Chair

Non-Executive Director and Senior Independent Director

Non-Executive Director x4

Executive Director and Chief Executive Officer

Executive Director and Chief Financial Officer

#### **Attendees**

Minute Taker

Other staff members may be requested to attend and report as necessary



# BEVERLEY

BUILDING SOCIETY

Building Better Futures

## 4. ATTENDANCE AT MEETINGS

The quorum necessary for the transaction of business of meetings is three Directors, two of which must be Non-Executive Directors. A voting majority of Non-Executive Directors is required at all times.

All matters shall be decided by a majority of votes. Every member present, including the Chair shall have one vote. In the event of a tie, the Chair shall have a second and casting vote.

## 5. FREQUENCY OF MEETINGS

The Board shall meet as often as it deems necessary for the effective discharge of its responsibilities.

At least once a year, the non-executive directors meet without the executive directors present.

At least once a year, led by the senior independent director, the non-executive directors meet without the Chair present.

## 6. RESPONSIBILITIES

### Strategy and Planning

#### **Powers Reserved for the Board**

- to provide appropriate Board level governance
- to approve the Society's purpose and Strategic Plan
- to approve the annual update to the Strategic Plan, ICAAP, ILAAP, Business Continuity & Disaster Recover Plans, Recovery Plan, Resolution Pack, Contingency Funding Plan and other Policy Statements as scheduled
- to approve annual budgets put forward by the Society ensuring the necessary financial resources are in place



# BEVERLEY

BUILDING SOCIETY

Building Better Futures

## **Powers Reserved for the Board with Advice from CEO**

- to approve any changes to the Society's business model
- to be responsible for the overall performance oversight of the Society within the Board approved risk appetite
- to be responsible for agreeing Board level performance indicators, setting appetite, early warning indicators and (where appropriate) action trigger level, and agreeing budgets and performance targets to measure achievement against plan
- to monitor the Society's performance through written reports from executive management and other management information, including key performance indicators, risk dashboards and financial performance figures.
- to review management information, highlighting the development of any trends which may impact in a negative way.
- to review management performance
- to maintain oversight of the Society's operational resilience, products and services, and dependency on material outsourcing for the delivery of critical or important functions
- to be responsible for any decision to cease to operate all or any material part of the business
- to approve of new areas of lending, including pilots
- to monitor and be responsible for the legal and regulatory governance of the Society

## **Powers Delegated to the CEO**

- to propose and develop the Society's strategy and overall commercial objectives
- to deliver the strategy and objectives of the Society

## **Regulatory Matters**

### **Powers Reserved for the Board**

- ongoing review of whether all individuals appointed to discharge Senior Management Functions, PRA or FCA Prescribed Responsibilities, Certification Scheme roles, or appointed as 'Notified NEDs' in relation to the Society's business remain fit and proper to do so



# BEVERLEY

BUILDING SOCIETY

Building Better Futures

- approval of the recommendation of the People & Culture Committee (acting as a Nominations Committee) of any changes to the Society's Overall Responsibilities Map and Individual Statements of Responsibility under the Senior Managers' Regime
- accountable for all matters relating to risk and compliance of the business with delegated responsibilities to its sub-committees through their terms of reference

## **Powers Reserved for the Board with Advice from CEO**

- review of arrangements for ensuring compliance with all prudential and conduct regulatory requirements
- review of Single Customer View requirements
- review of the Annual Complaints Report including receiving assurance of the operation of complaints administration within the Society to meet regulatory requirements

## **Powers Delegated to the CEO**

- none

## **Structure and Capital**

### **Powers Reserved for the Board**

- approve any major changes to the Society's corporate structure
- discussion of any proposed new business initiatives, including the formation of or disposal of a subsidiary undertaking

### **Powers Reserved for the Board with Advice from CEO**

- approve any programme for or single issuance of long-term debt by the Society or any regulatory approved appropriate capital investment

### **Powers Delegated to the CEO**

- none



# BEVERLEY

BUILDING SOCIETY

Building Better Futures

## **Financial Reporting and Controls**

### **Powers Reserved for the Board**

- approval of the Annual Report and Accounts and Summary Financial Statement (upon recommendation from the Society's Audit and Compliance Committee)
- approval of the Going Concern declaration (upon recommendation from the Society's Audit and Compliance Committee)
- approval of the Representation Letter (upon recommendation from the Society's Audit and Compliance Committee)
- approve any changes in treasury counterparties

### **Powers Reserved for the Board with Advice from CEO**

- none

### **Powers Delegated to the CEO**

- none

## **Internal Controls**

### **Powers Reserved for the Board**

- none

### **Powers Reserved for the Board with Advice from CEO**

- identification and monitoring of the major risks facing the Society and the establishment of appropriate controls to mitigate those risks
- approval of the risk appetite and the setting of early warning indicators, invocation trigger points and limits as appropriate
- approval of the Stress Testing Policy and the Society's suite of stress tests used for ILAAP, ICAAP and RRP

### **Powers Delegated to the CEO**

- to propose and develop the Society's plans relating to risk

## **Contracts**

*Changes effective from 25 July 2023*



### **Powers Reserved for the Board**

- approval of financial mandates
- specific approval of expenditures where retained to the Board in the approved mandate document

### **Powers Reserved for the Board with Advice from CEO**

- approval of all material third party relationships

### **Powers Delegated to the CEO**

- to enter into contracts in connection with the ordinary course of business of the Society

## **Board Membership and Other Appointments**

### **Powers Reserved for the Board**

- appointment of a Chair and Senior Independent Director on an annual basis
- consideration of recommendations for the appointment or removal of any Non-Executive Directors of the Society made by the People & Culture Committee (acting as Nominations Committee) and approve as appropriate. Any formal appointment will be subject to any required prior approval of an appropriate regulator
- appointment and/or removal of the Chief Executive and other Executive Directors
- to review the recommendations of the People & Culture Committee, (acting as a Nominations Committee) on at least an annual basis, the Society's succession planning arrangements
- to appoint a designated Non-Executive Director to directly engage with all staff in the promotion of a positive organisational culture

### **Powers Reserved for the Board with Advice from CEO**

- setting and promotion of the Society's culture, values and standards
- approval of the recommendation for the appointment or removal of individuals either as Executive Directors of the Society or to any roles falling within the Senior Managers' Regime (Senior Management Functions or Certification roles) made by the Society's Chief Executive. Any formal appointment will be subject to the prior approval of the appropriate regulator



# BEVERLEY

BUILDING SOCIETY

Building Better Futures

## **Powers Delegated to the CEO**

- ensuring the necessary human resources are in place to deliver the Society's strategy and overall commercial objectives

## **Remuneration**

### **Powers Reserved for the Board**

- to note the recommendations of the People & Culture Committee (acting as a Remuneration Committee) in relation to the remuneration and other benefits of all remuneration code staff and Non-Executive Directors

### **Powers Reserved for the Board with Advice from CEO**

- to note the recommendations of the People & Culture Committee (acting as a Remuneration Committee), in relation to the remuneration and other benefits of all non-remuneration code staff

### **Powers Delegated to the CEO**

- none

## **Delegation of Authority**

### **Powers Reserved for the Board**

- review of membership and Chairship of Board sub-committees
- review and approve the Terms of Reference of the Board, Senior Independent Director, Board Sub-Committees and management committees
- approve Board delegated authorities and responsibilities to the Executive Directors and Board sub-committees, and oversee their effective application

### **Powers Reserved for the Board with Advice from CEO**

- none

### **Powers Delegated to the CEO**

- none





# BEVERLEY

BUILDING SOCIETY

Building Better Futures

## **Corporate Governance**

### **Powers Reserved for the Board**

- annual assessment of the performance of the Board and individual directors
- receipt of Declarations of Interest by Directors in relation to the Building Societies Act (upon recommendation from the Society's Audit and Compliance Committee)
- members of the Board shall attend the Annual General Meeting and be prepared to respond to any questions on the Board's activities. This will include providing a formal response in relation to any voting resolution receiving a 'No' vote of 20% or more

### **Powers Reserved for the Board with Advice from CEO**

- approval of any proposed change in the external or internal auditors to the Society upon recommendation from the Society's Audit and Compliance Committee
- make appropriate disclosures to the external auditors
- approval of the remuneration of the internal and external auditors

### **Powers Delegated to the CEO**

- to provide input to the Board's agenda either directly or on behalf of the Executive
- to maintain ongoing dialogue with the Chair on strategic issues facing the Society
- to ensure that the Board receives accurate, timely and clear information with which to monitor and manage the business of the Society

## **Policies**

### **Powers Reserved for the Board**

- approval of all relevant policies as may be required from time to time

### **Powers Reserved for the Board with Advice from CEO**

- none



# BEVERLEY

BUILDING SOCIETY

Building Better Futures

## **Powers Delegated to the CEO**

- none

## **Other Matters**

### **Powers Reserved for the Board**

- agreement and recommendation to the Members of any changes to the Memorandum and Rules of the Society
- approval of the initiation and response to any litigation or proceedings in respect of the Society
- annual approval of the interest rate change and pricing delegations.

### **Powers Reserved for the Board with Advice from CEO**

- none

### **Powers Delegated to the CEO**

- none