



BEVERLEY

BUILDING SOCIETY

Building Better Futures

TERMS OF REFERENCE OF THE BOARD OF BEVERLEY BUILDING SOCIETY (“the Society”)

1. CONSTITUTION

The Society is run by a Board of Directors which comprises of both executive and non-executive directors. The Society’s Rules allow for the appointment of a minimum of six and a maximum of ten Directors. The Board has further determined that its composition should at all times reflect the best practice principles in the UK Corporate Governance Code to the extent that they apply to a building society, including maintaining a majority of non-Executive 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 Society also has specific regard to the UK Corporate Governance Code issued by the Financial Reporting Council (last updated in July 2018) when establishing and reviewing its corporate governance arrangements which takes place on an annual basis.

The offices of Chairman and Chief Executive are distinct and held by different individuals. The primary role of the Chairman 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 directs and supervises the Society’s affairs. The principal functions of the Board are to determine the Society’s strategy, to review business performance and to ensure that the necessary financial and business systems and controls and human resources are in place for the management of risk and to safeguard the interests of members.



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)

2. Membership

Stuart Purdy (Chairman)

Janet Bedford (Finance Director and Deputy Chief Executive)

Esther Morley

Karl Elliott (Chief Executive)

Mike Heenan

Mark Marsden (Risk Director)

Richard Pattinson (Senior Independent Director)

Sue Symington

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

The Board also appoints one of the independent non-executive directors to be the Senior Independent Director to provide a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director should be available to members, staff, directors and other stakeholders if they have concerns which contact through the normal channels of chairman, chief executive or other executive directors has failed to resolve or for which such contact is inappropriate.

3. Attendance at Meetings

The quorum necessary for the transaction of business of meetings of the Board of Directors is four 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 Chairman shall have one vote. In the event of a tie, the Chairman shall have a second and casting vote.

4. 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 Chairman present.

5. Responsibilities

Strategy and Planning

- approval of the Society's Strategic Plan
- approval of any changes to the Society's business model
- approval of 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
- approval of the Corporate Governance Policy on an annual basis
- approval of annual budgets put forward by the Society
- identification and monitoring of the major risks facing the Society and the establishment of appropriate controls to mitigate those risks
- oversight of the Society's operational resilience, products and services, and dependency on material outsourcing for the delivery of critical or important functions.
- to provide appropriate Board level governance
- setting the Society's culture, values and standards
- ensuring the necessary financial and human resources are in place
- review of management performance
- approval of the risk appetite and the setting of early warning indicators, invocation trigger points and limits as appropriate
- any decision to cease to operate all or any material part of the business



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- approve Board delegated authorities and responsibilities to the executive directors and Board sub-committees, and oversee their effective application

Regulatory Matters

- high level monitoring and responsibility for the legal and regulatory governance of the Society
- 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
- accountable for all matters relating to risk and compliance of the business with delegated responsibilities to its sub-Committees through their terms of reference
- annual review of the Money Laundering Reporting Officers' report on the Society's compliance with Money Laundering requirements
- review of arrangements for ensuring compliance with all prudential and conduct regulatory requirements
- review of Single Customer View requirements

Performance Management

- responsible for the overall performance oversight of the Society within the Board approved risk appetite
- 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
- high level monitoring of the Society's performance through written reports from executive management and other management information, including key performance indicators, risk dashboards and financial performance figures.
- review of management information, highlighting the development of any trends which may impact in a negative way.
- annual assessment of the performance of the Board and individual directors
- review of membership and chairmanship of Board Sub-Committees
- appointment and/or removal of the Chief Executive and other Executive Directors



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Human Resources

- appointment of a Chairman 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
- 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
- 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
- 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

Expenditure

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

Internal and External Auditors

- 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



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Other Matters

- members of the Board shall attend the Annual General Meeting and be prepared to respond to any questions on the Board's activities.
- agreement and recommendation to the Members of any changes to the Memorandum and Rules of the Society
- discussion of any proposed new business initiatives, including the formation of or disposal of a subsidiary undertaking
- approval of the initiation and response to any litigation or proceedings in respect of the Society
- receipt of Declarations of Interest by Directors in relation to the Building Societies Act, approval of the annual report and accounts, including the Director's Report, corporate governance statement and remuneration report
- approve the Annual Report and Accounts and Summary Financial Statement
- approval of the Going Concern declaration