

WILTSHIRE



FRIENDLY

## **Board of Management Terms of Reference 2023**

## **BOARD OF MANAGEMENT TERMS OF REFERENCE**

For the purposes of this document, and where relevant, the term Board shall include the standing Board Committees as set out generally in section 1.3. In the event of any conflict, the legislation and the Rules shall have precedence over this document.

### **1. AUTHORITY**

- 1.1 The Board of Management (the “Board”) is established in accordance with the Friendly Societies Act 1992 and pursuant to the Rules of the Society. Unless specifically stated otherwise, the terminology, words or expressions in these Terms of Reference shall have the same meaning as in the Rules.
- 1.2 The business of the Society and any business which the Society proposes to carry on shall be under the direction of the Board. The Board may exercise all those powers of the Society as are not required by the relevant Rules or legislation to be exercised by the Society in general meeting.
- 1.3 The Board may devolve such of its powers as it deems proper to Board Committees or individuals (“Board Committees”) under terms of reference it deems suitable. The standing Board Committees are – Audit, Risk & Compliance, Consumer Duty, Governance, Investment, Product Steering; and Staffing, Salaries & Nominations. Each has its own written Terms of Reference, which is to be reviewed at least annually.
- 1.4 Within the Rules certain powers are reserved to the Board or deemed to be subject to Board discretion. These powers are noted within the Board of Management Discretionary Powers document.

### **2. PURPOSE**

- 2.1 The primary purposes of the Board are:
  - Direction of the Society prudently, in accordance with the legislation, the Rules, and sound risk management.
  - Setting and overseeing the culture of the Society.
  - In consultation with its Board Committees, the Executive, and appropriate Society advisers, directing the strategy of the Society and overseeing business planning in accordance with that strategy.
  - To exercise direct control of all those matters reserved to the Board.

### **3. BOARD MEMBERSHIP**

- 3.1 Non-executive Board Members (“Board Member(s)”) shall be elected at a general meeting of the Society pursuant to the Act and the Rules. Board Members who retire and offer themselves for re-election may do so without nomination, subject to them otherwise being eligible under the Rules and applicable legislation. In the event there is no contest for the office of Board Member, any person nominated or retiring by rotation shall be deemed to have been elected, or re-elected.
- 3.2 As set out in Rule 9.2, and except as provided by Rule 18.6, the Board will comprise of not more than eleven and no less than five Board Members, including ex-officio appointees.
- 3.3 The Board may, from time to time, resolve the number who together shall constitute the Board within the limitations set out above.
- 3.4 It shall be the responsibility of each Board Member or ex-officio appointee to declare to the Board any interest (direct or indirect) he or she may have in any contract to which the Society is a party; and to ensure he or she and the Board comply fully with Rule 13 (Offices of Profit) and Rule 14 (Interest in Contracts), and the related legislation in this context.
- 3.5 At its first Board meeting (“meeting”) after every Annual General Meeting the Board shall elect from its non-executive number the following; who, unless removed from office by resolution of the Board, shall serve until the commencement of the first meeting after the next Annual General Meeting:
  - the Chair of the Board
  - the Vice Chair of the BoardThe Board may at any time remove the Chair or Vice Chair from office.
- 3.6 The Chief Executive is appointed to the Board on an ex-officio basis. The remainder of the Senior Management Team shall attend all Board meetings in an executive capacity, but shall withdraw at the request of the Board.

- 3.7 From time to time the Board shall also appoint a Board Member who is suitably qualified as Senior Independent Director, for such period and on such terms as it shall decide. This shall include terms for liaison with his or her Board colleagues.
- 3.8 The Chair shall preside at each meeting at which he or she is present. In the absence of the Chair, the Vice Chair shall take his or her place.
- 3.9 If the Chair and Vice Chair both are absent the Board Members present at that meeting shall elect one of its number to preside for the purposes of that meeting. Any such election shall exclude the Chief Executive.

#### **4. SUMMARY BOARD STANDING ORDERS**

*The following is a summary only and should be read in conjunction with the whole of this document.*

- 4.1 The number of Board Members shall be within the limits prescribed in Rule 9.2. At the date of these standing orders it shall comprise of 6 Board Members plus the Chief Executive. The Board may alter the stated proportion from time to time, subject to Rule 9.2.
- 4.2 The Board shall act at all times as directed by and permitted under the legislation, and in accordance with the Rules from time to time; including the related “Board of Management Discretionary Powers”. The Board shall pay particular regard to Rule 9.5.
- 4.3 The ordinary meetings of the Board shall be held on such dates and at such frequencies as the Board shall decide and may be held virtually. Such meetings shall include those set out in an annual timetable of ordinary meetings to be approved and adopted annually usually in October of the preceding year.
- 4.4 The Chair, after consultation with the Chief Executive, shall have the power to call extraordinary meetings or to alter or adjourn the date of any planned meeting, or to cancel it if he or she should deem it desirable to do so.  
  
Two clear days notice of the addition, alteration, adjournment or cancellation of meetings must be given to each person entitled to attend; save in the circumstances that the alteration or adjournment shall be caused by the Board Members due to attend any meeting being insufficient to form a quorum as set out in Rule 9.5j.
- 4.5 The Chief Executive shall compile the agenda of the business to be considered at each meeting, and subject to its agreement with the Chair of the Board, communicate this at least two clear days before the date agreed for the meeting.
- 4.6 No Board member shall bring forward any motion not arising out of the business before the Board unless two clear days notice of the motion has been given to the Chief Executive, who shall give at least one clear day’s notice of same to each Board Member (and if relevant to any other person formally expected to attend).
- 4.7 The following motions may be proposed at any time without notice:
  - a) for the appointment of a Board Committee;
  - b) for the approval of or variation to the Terms of Reference of Board Committees, the Chair, Vice Chair or Chief Executive;
  - c) to vary the order of business promulgated;
  - d) subject to 4.9 below that any question arising from the business of the meeting may be put to the Chair of the meeting, the Chief Executive or a representative of the operational team present at the meeting; and
  - e) that the Board proceed to the next item of business.
- 4.8 The Board may approve and register any change(s) to the Rules it considers necessary subject to the terms prescribed in Rule 40.2.
- 4.9 All remarks and questions shall be addressed to the Chair of the meeting except as directed by him or her.
- 4.10 A book shall be laid on the table at every meeting of the Board or of its Board Committees in which each person present shall enter his signature, and from which the attendance of Board Members and other attendees shall be registered.

## **5. ROLES AND RESPONSIBILITIES**

The roles and responsibilities of the Board include direct oversight of “Matters Reserved to the Board” and oversight of due process required to be communicated to members.

### **5.1 Strategy and management**

- a) Responsibility for the overall leadership of the Society and setting its values and standards.
- b) Directing the Society’s risk monitoring, assessment and management processes.
- c) Receive regular reports on the actions being taken to identify and mitigate climate change related risks.
- d) Directing the Society’s Strategic Plan and Key Strategic Activities.
- e) Consideration of any proposals for mergers or acquisitions and, subject to appropriate professional advice, making suitable recommendations to Society Members.
- f) Approval of the annual operating and capital expenditure budgets (including that for any charitable donations), permitted tolerances, and any subsequent material or out of tolerance changes to them.
- g) Approving the Terms of Reference of Board Committees and agreeing their composition.
- h) Oversight and direction of the Society’s operations ensuring:
  - competent, prudent and risk-based management;
  - sound planning;
  - maintenance of adequate management and internal control systems, and systems of report;
  - maintenance of adequate accounting and other records;
  - compliance with statutory and regulatory obligations; and
  - maintenance of awareness of customer complaints, their management and outcomes.
- i) Regular review of Society’s Strategic Plan, Key Strategic Activities, business plans and related budgets and ensuring that any necessary corrective action is taken.
- j) Extension of the Society’s activities into fresh business or geographic areas.

### **5.2 Rules, structure and capital**

- a) Changes to the Society’s Memorandum and Rules.
- b) Material changes to the Society’s corporate structure, including setting up subsidiaries.
- c) Changes to the Society’s management and control structure.
- d) Any changes to the Society’s status as a mutual society and/or Friendly Society.
- e) Any acquisition or disposal of interests in any company.
- f) Any decision to cease to operate all or any material part of the Society’s business.
- g) Capital expenditure above the operational limits set by the Board from time-to-time; and
- h) if deemed appropriate, appointment and terms of a Board Committee or individual to oversee a capital or other project.

### 5.3 Financial reporting business controls and risk management

- a) Setting Terms of Reference for the Audit, Risk & Compliance Committee and agreeing its composition and Chair.
- b) Following receipt of recommendation from the Audit, Risk & Compliance Committee, approval of the Society's programme of risk monitoring, management and mitigation.
- c) Following receipt of recommendation from the Audit, Risk & Compliance Committee, approval of the appointment of the Internal Auditor.
- d) Approval of the Annual Financial Statements, specifically to include:
  - Statements of Financial Position; and Income;
  - Board report;
  - Report of the Chair;
  - Corporate Governance statement;
  - Strategic report; and
  - Board remuneration report.
- e) Taking, and if considered appropriate acting on, the advice of the Society's Actuary or other actuarial advisers from time to time.
- f) Setting the Bonus Strategy for Holloway business, and approval of: Annual Apportionment, Bonus and Terminal Bonus rates for that business.
- g) Approval of:
  - significant changes in accounting policies or practices.
  - the appointment of suitably qualified individuals to act as the Society's actuarial adviser and where required, appointment as Actuary to the Society;
  - the Individual Capital Assessment assumptions, reviewing the results and taking timely action as required; and
  - material unbudgeted capital or operating expenditures (including those outside predetermined tolerances).
- h) Implementation and maintenance of sound systems of internal control and report in accordance with the legislation, to include:
  - receiving reports on, and reviewing the effectiveness of, the Society's risk and control processes to support its Strategic Plan and Key Strategic Activities;
  - approving procedures for the detection of fraud and the prevention of bribery;
  - receiving and approving periodic Regulatory Compliance, Money Laundering, Anti-Bribery and Data Protection Reports; and
  - undertaking or implementing assessment of these processes at least annually.

### 5.4 Investment management reporting and controls

- a) Setting Terms of Reference for the Investment Committee and agreeing its composition and Chair.
- b) Following receipt of recommendation from the Investment Committee, ratification of:
  - the investment strategy and policy;
  - the Society's investment risk appetite and related risk management and mitigation procedures;
  - appropriate arrangements for external investment management together with agreement of the contract terms for Investment Managers and other service providers;
  - treasury and asset allocation ranges;
  - management authority limits and bank mandates; and
  - counterparty limits.

## 5.5 Product management

- a) Setting Terms of Reference for the Product Steering Committee and agreeing its composition and Chair.
- b) Approval of any product strategy recommended by the Product Steering Committee and their incorporation within the Society's Key Strategic Activities.
- c) Approval of new products and product discontinuations, within the Strategic Plan, following recommendation from the Product Steering Committee.

## 5.6 Member communication

- a) Appointing a Senior Independent Director to be a point of reference for Society members.
- b) Ensuring a satisfactory dialogue with members takes place, based on the mutual understanding of objectives.
- c) Approval of resolutions and corresponding documentation to be put forward to members at a general meeting.
- d) Approval of press or similar public releases where required, concerning matters decided by the Board.

## 5.7 Nominations and appointments

- a) Setting the Terms of Reference of the Staffing, Salaries & Nominations Committee ("SSNC") and agreeing its composition and Chair.
- b) Approval from time to time of sub-committees (of the SSNC) set up specifically to oversee the nomination and/or recruitment of Board Members, the recruitment and appointment of the Chief Executive and other Senior Management whose recruitment is not delegated to the Chief Executive.
- c) Overseeing changes to the structure, size and composition of the Board (within the limits prescribed by the Rules) decided by it or following any recommendations from the SSNC.
- d) Ensuring adequate succession planning for the Board and Senior Management so as to maintain an appropriate balance of skills and experience within the Society and on the Board; and maintenance of an appropriate balance of Board Members considered "Independent" on the basis of length of service.
- e) Considering any recommendations from the SSNC and any sub-committee thereof set up for the purpose, and approving the appointment of suitably qualified and skilled individuals to Board and Senior Management positions, including that of the Chief Executive.
- f) Considering the recommendations of the SSNC regarding the salaries and terms of employment of staff members and setting or amending budgets accordingly.
- g) Recommendation of continuation in office or otherwise of Board Members due to be re-elected by members at the AGM.
- h) Deciding the structure, composition, and Chair of Board Committees; and the extent of their delegated powers as recorded in Terms of Reference approved by the Board. At the date of this document the following Standing Board Committees are approved:
  - Audit, Risk & Compliance
  - Investment
  - Staffing, Salaries & Nominations
  - Product Steering
  - Governance
- i) Continuation in office or otherwise of any Board Member or Senior Manager at any time. To include decisions on their suspension or termination of service as an employee or officer of the Society, subject to the law and the terms of their service contract.
- j) Appointment or removal of the Company Secretary.

## 5.7 Nominations and appointments (continued)

- k) Following any recommendation of the Audit, Risk & Compliance Committee, recommendation to Society members concerning the appointment, re-appointment or removal of the external auditor.
- l) Significant non-routine regulatory interest in or scrutiny of the Society's affairs.

## 5.8. Governance

- a) Setting the Terms of Reference of the Governance Committee and agreeing its composition and Chair.
- b) Receiving and considering reports from the Governance Committee on the Society's governance framework in the context of its strategic planning and considering the inherent conduct risks.
- c) Following receipt of recommendations and reports from the Governance and Audit, Risk and Compliance Committees, setting the Society's Conduct Risk Policy and mitigation processes.

## 6. GENERAL

### 6.1 The Board is also responsible for the oversight of the following:

- a) The division of responsibilities between the Chair, the Chief Executive and other Senior Management, which should be clearly established by the Board, set out in writing and agreed by the Board.
- b) Delegated levels of authority, including that of the Chief Executive, and authority limits must be set out in writing and approved by the Board. The terms of delegated authority must include the requirement for formal reporting to the Board by the relevant Board Committee or person(s), on the activities undertaken.
- c) Commencement of prosecution, defence or settlement of litigation; or of any alternative dispute resolution mechanism, which relate to matters material to the interests of the Society, other than litigation in the normal course of handling claims whilst it remains an operational matter.
- d) The overall levels of insurance for the Society including Directors' & Officers' liability insurance and indemnification of Directors and other Senior Management.
- e) Material changes to the Rules and administration of the Society's pension scheme, or changes of trustees or changes in the fund management arrangements.
- f) Any decision likely to have a material impact on the Society from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- g) Commissioning of any external or internal reports at any time and on any on any matter which it, at its sole discretion, considers significant to the Society.
- h) Approval of the Society's published policies, to include:
  - Risk Management
  - Treating Customers Fairly
  - Whistleblowing
  - Data Governance Framework
  - Conduct Risk
  - Anti Bribery and Corruption
  - Health and Safety
- i) Ensuring a formal and rigorous review process takes place regularly of the Board's own performance, that of its Board Committees and each individual Board member; and for maintaining an appropriate level of oversight of such process.
- j) Giving regular consideration to formal and externally facilitated review to achieve i) above.
- k) Review of the independence of Board Members in the light of their character, judgement and relationships.
- l) Review of the balance of interests between members, employees, customers and the community; and that this maintained or improved in accordance with any advice received from the Senior Independent Director; and
- m) Ensuring Society's overall corporate governance arrangements are reviewed on an ongoing basis.