

Matters Reserved for the Board

1) Strategy & Management

- a) Promote the long-term sustainable success of the Society, generating value for members and contributing to wider society.
- b) Responsibility for the overall leadership of the Society and setting the Society's purpose, values and strategy, and satisfy itself that these and its culture are aligned.
- c) Responsibility for the adoption and development of the Society's culture as a mutual organization.
- d) Assessing and monitoring culture and ensuring management take corrective action where it is not satisfied that policy, practices or behavior through the business are aligned with the Society's purpose, values and strategy.
- e) Approval of the Group's long-term objectives and business strategy, including the five-year strategic plan, operating and capital expenditure budgets and any material changes to them outlined in financial forecasts.
- f) Oversight of the Group's operations ensuring:
 - Competent and Prudent Management
 - Sound Planning
 - Maintenance of sound management and internal control systems
 - Adequate accounting and other records
 - Compliance with statutory and regulatory obligations
 - Adequate financial resources including that the necessary resources are in place for the Society to meet its objectives and measure performance against them
 - Fair outcomes for our members and customers
 - Effective engagement with, and the encouragement of participation from, members and stakeholders
 - Workforce policies and practices are consistent with the Society's values and support its long term sustainable success
 - Matters of concern from the workforce
 - Conflicts of interest
- g) Any extension to the Society's activities into new business areas or jurisdictions

2) Structure & Capital

- a) Changes to the Society's corporate structure including any merger or creation, acquisition or disposal of any subsidiary or associated company, or of any significant business operation, or any other initiative which has significant strategic implications for the Society.
- b) Any acquisition, disposal or securitisation of assets or liabilities.
- c) The acquisition or disposal of all land & buildings and freehold properties.

- d) Changes to the Society's management and control structure.
- e) Any changes to the Society's mutual status.

3) Financial Reporting and Controls

Approval of the Annual Report and Accounts including the Corporate Governance Statement and Remuneration Report.

4) Internal Controls and Risk Management

- a) Establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.
- b) Establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principle risks the Society is willing to take in order to achieve its long-terms strategic objectives.
- c) Ensuring maintenance of a sound system of internal control and risk management including:
 - a framework of prudent and effective controls, which enable risk to be assessed and managed;
 - Approval of the Society's Risk Appetite Statement;
 - Receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
 - A robust assessment of the Society's emerging and principal risks;
 - Approving procedures for the detection of fraud and the prevention of bribery;
 - Monitoring the Society's risk management and internal controls systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report;
 - Approving an appropriate statement for inclusion in the annual report.

5) Communication

- a) Ensuring a satisfactory dialogue with members based on the mutual understanding of objectives.
- b) Understand the views of the Society's other key stakeholders, keep engagement mechanisms under review and ensure they remain effective.
- c) Routinely review the mechanism for the workforce to raise concerns in confidence and, if they wish, anonymously, and the reports arising from its operation including arrangements for the proportionate and independent investigation of such matters and follow up action.
- d) Approval of resolutions and corresponding documentation to be put forward to members at a general meeting.

6) Board Membership, Other Appointments and Succession Plans

Based on merit and objective criteria and, within this context, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

- a) Changes to the structure, size and composition of the Board, following recommendations from the Nominations Committee.
- b) Appointments to the Board following recommendations by the Nominations Committee.
- c) Selection of the Chairman of the Board and the Chief Executive.
- d) Appointment of a Senior Independent Director to provide a sounding board to the Chairman and to serve as intermediary for the other directors when necessary.
- e) Membership of Board Committees following recommendations from the Nominations Committee.
- f) Appointment or removal of the Company Secretary.
- g) Removal of the Chairman, Chief Executive, Director and Chief Risk Officer.
- h) Appointment, reappointment or removal of the external and internal auditors after recommendations from the Audit Committee. Members approve the appointment of external auditors at the AGM.
- i) Appointments to the Board of subsidiaries and associates following recommendations of the Nominations Committee.

7) Remuneration

- a) Determining the remuneration policy for the Directors and Company Secretary and other senior executives following recommendations of the Remuneration Committee.
- b) Determining the remuneration of the non-executive directors, subject to the Rules of the Society.

8) Delegation of Authority

- a) Ensuring the clear division of responsibilities between the leadership of the Board and the executive leadership of the Society's business.
- b) The division of responsibilities between the Chairman and Chief Executive, which should be clearly established, set out in writing and agreed by the Board.
- c) The responsibilities of the Senior independent Director.
- d) Approval of the delegated levels of authority.
- e) Establishing Board Committees and their terms of reference, and approving material changes thereto.
- f) Receiving reports from Board committees on their activities.

9) Corporate Governance matters

- a) Undertaking a formal and rigorous annual review of its own performance, that of its committees, the chair and individual directors, and the division of responsibilities giving consideration to its composition, diversity and how effectively members work together to achieve objectives.
- b) Determining the independence of non-executive directors in light of their character, judgement and relationships.
- c) Considering the balance of interests between members, the workforce and the community as well as wider stakeholder groups.
- d) Review of the Society's overall corporate governance arrangements.
- e) Receiving reports on the views of the Society's members to ensure that they are communicated to the Board as a whole.
- f) Review and approval of additional external appointments by members of the Board in advance.
- g) Review and approve the schedule of Board and Committee activities.
- h) Review annually, matters reserved to the Board, matters delegated to management and requirements for management to escalate matters to the Board.
- i) Monitor trends and developments in corporate governance and best practice and review annually the Society's compliance with the UK Corporate Governance Code and regulatory requirements in relation to corporate governance.

10) Policies and Other Key Documents

The Board will note the Report from the Money Laundering Reporting Officer and reports raising concerns from the workforce.

Approval of policies, including:

- ICAAP
- ILAAP
- Recovery Plan
- Resolution Plan
- Risk Management Framework
- Lending Policy
- Treasury Policy
- Financial Crime Policy (incorporating Anti-Bribery Policy)

On recommendation of the relevant Board committee.

11) Other

- a) Major changes to the rules of the Group's pension scheme, or changes of Society nominated Trustees.
- b) The Board powers expressly set out in the Rules, Memorandum, regulation and statute.