

# Terms of Reference for the Board

Report title	Terms of Reference for the Board
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NBS Purpose	<b>Together we fight for the extra ordinary to own their own home</b>
Purpose of this paper	To undertake the annual review of the Board Audit Committee Terms of Reference.
Actions	Board is requested to <b>RECOMMEND FOR APPROVAL</b> its Terms of Reference.
External references	N/A
Governance route and signoffs including changes as a result	<b>Recommended</b> for approval by Board 2024.



## 1. Membership

1.1 The Board shall comprise non-executive directors (including the Chair) and full time Executive Directors, providing a complementary balance of skills and expertise. All Non-Executive Directors are considered to be independent in character and judgement, unless the Board specifically considers any Non-Executive Director to be non-independent, either upon appointment or at any time thereafter. A record of any Non-Executive Directors considered to be non-independent shall be retained by the Society Secretary.

1.2 The composition of the Board and matters such as the selection and re-election of Directors are the responsibilities of the Nominations Committee and the requirements shall be handled in accordance with its Terms of Reference. Notwithstanding that Nominations Committee carries primary responsibility for the selection and re-election of Directors, approval of all such appointments is a responsibility that remains with the Board in accordance with section 8.7. The composition of the Board will be reviewed from time to time as required by the Rules of the Society and the Corporate Governance Code.

1.3 Only members of the Board have the right to attend Board meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate with permission from the Chair.

## 2. Secretary

The Society Secretary or their nominee shall act as the secretary of the Board and will ensure that the Board receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## 3. Quorum and voting

3.1 The quorum necessary for the transaction of business shall be four, of which a majority shall be Non-Executive Directors.

3.2 The quorum can comprise members of the Board attending in person or by telephone or online. A meeting can only be deemed quorate if all voting members have been invited to attend.

3.3 Each member of the Board is entitled to a single vote, which can be cast either in person at the meeting, or verbally (if joining by telephone or online).

3.4 Approval requires a simple majority. In the event of an even split vote, the Chair or acting deputy has the option to exercise a casting vote. Invited guests attending the Board are not entitled to vote. The minutes should reflect all Board decisions, and specifically identify votes that are not unanimous.

3.5 A rapid decision protocol can be used to facilitate decision making outside of the scheduled meetings. Any use of the rapid decision protocol must be agreed with the Chair (or in their absence, the acting deputy) prior to its use.



3.6 Any decisions or approvals made using the rapid decision protocol are to be submitted to the next scheduled Board meeting, accompanied by a summary of events and the final decision, for inclusion in the minutes.

## 4. Frequency of meetings

4.1 The Board shall meet at least four times a year and otherwise as required.

4.2 In addition to full Board meetings, the Non-Executive Directors shall meet regularly, without the Executive Directors present, and consider all aspects of Board responsibilities, governance and performance.

## 5. Notice of meetings

5.1 Meetings of the Board shall be called by the Secretary at the request of the Chair or any of its members.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Board and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Board members and to other attendees, as appropriate, at the same time.

## 6. Minutes of meetings

6.1 The Secretary shall minute the proceedings and resolutions of all Board meetings, including the names of those present and in attendance.

6.2 Draft minutes of Board meetings shall be circulated to all members of the Board.

## 7. Authority

7.1 The Board is the ultimate governing body and as such has unreserved powers of authority.

7.2 The Board discharges its responsibilities via further delegations primarily to Board (Level 1) Committees or Executive (Level 2) Committees. Such committees may make further delegations to L3 committees, relevant sub-committees, Executive Directors or the Senior Managers (i.e. holders of SMF or certification roles) of the Society, Working Groups, or other team managers or team members where necessary to execute their job role. Such delegations are documented in the Delegated Authorities Summary. Further delegations beyond those documented in the Delegated Authorities Summary are permitted between L3 Committees and supporting Working Groups. Such delegation must be clearly documented in both the L3 committee's Terms of Reference, and that of the Working Group.

7.3 All Non-Executive Directors can request to attend any of the Board Committees or Executive / Management Committee (i.e. Level 2 or 3 Committee) meetings with the agreement of the Chair of the Committee.



## 8. Matters Reserved for the Board

The Matters Reserved for the Board includes both Approvals and Responsibilities for the Board and is a formal schedule of matters specifically reserved for the Board's decision, which are set out below:

### 8.1 Strategy and Management

- 8.1.1 Approve The Nottingham Group Corporate Plan documents, including Strategic Blueprint, Five Year Business Plan, Group Development Route Map and Project Expenditure Plan. Approve any significant variances to the approved Group Corporate Plan documents.
- 8.1.2 Approve decisions to cease to operate all or any material part of the business of The Nottingham.
- 8.1.3 Setting The Nottingham's values, standards and culture.
- 8.1.4 Approve major changes to The Nottingham's corporate structure through any merger and acquisition.
- 8.1.5 Setting The Nottingham's Climate Change strategy, objectives/goals and risk appetite.
- 8.1.6 Setting The Nottingham's Environmental, Social and Governance strategy, objectives/goals and risk appetite.

### 8.2 Capital

- 8.2.1 Approve changes to The Nottingham's capital structure including reduction of capital, issue of any capital instruments and distribution of reserves.

### 8.3 Financial Reporting and Controls

- 8.3.1 Approve the Annual Report and Accounts based on recommendations from the Board Audit Committee, including the corporate governance statement, going concern, viability statement, climate change disclosures and sustainability report and directors' remuneration report. Approve announcement of annual results.
- 8.3.2 Approve the Interim Financial Report and publication of the announcement.
- 8.3.3 Approve the Annual Pillar 3 Disclosures.

### 8.4 Internal Controls and Risk Management

- 8.4.1 Ensure maintenance of a sound system of internal controls and risk management.
- 8.4.2 Approval of the Society Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP), Recovery and Resolution Plan (RRP) Board Risk Policy (BRP) and Operational Resilience self-assessment documentation.
- 8.4.3 Approval of the Society Modern Slavery Statement.



8.4.4 Review and approve matters escalated from the Board Risk Committee on exceptions and breaches to the Board Risk Policy, or any other Board Policies.

8.4.5 Approval and championing of the Whistleblowing Policy.

8.4.6 Receive and review the annual MLRO report.

8.4.7 Approve the annual review of Health and Safety performance to ensure that essential health and safety principles, strong and active leadership, worker involvement, and assessment and review have been embedded and that there are effective systems in place for managing health and safety risk and protecting people.

## 8.5 Contracts, Commitments, Investments and Divestments

8.5.1 Approve the Project Initiation documents for individual projects with expenditure greater than £250,000 and any projects classified as highly confidential or sensitive. Monitor project delivery via monthly project status reports.

8.5.2 Approve the Business Cases for individual projects with capital expenditure of greater than £1,000,000 (based on total cost to deliver) and any projects classified as confidential. Monitor project delivery via monthly project status reports.

8.5.3 Approve acquisition and disposal of The Nottingham owned capital assets, including all or part of a specific business line, where the total value is £1,000,000 or greater.

8.5.4 Approve new, and material renegotiation/renewal of, existing third party Tier 1 contracts.

## 8.6 Communications

8.6.1 Maintain a satisfactory dialogue with members. Approve resolutions and corresponding documentation to be put forward to members at the Annual General Meeting.

## 8.7 Board Membership and other Appointments

8.7.1 Approve appointments to the Board and changes to the structure, size, diversity and composition of the Board.

8.7.2 Approve selection of the Chairman of the Board and the Chief Executive.

8.7.3 Approve appointment of the Senior Independent Director.

8.7.4 Approve chairs of the Board Committees following recommendations from the Nomination Committee. Review the report from the Nominations Committee on effectiveness of Board committees and recommendation for any changes.

8.7.5 Approve continuation in office of Directors at the end of their term of office, when they are due to be re-elected by members at the Annual General Meeting and otherwise as appropriate.

8.7.6 Approve continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Society, subject to the law and their service contract.

8.7.7 Approve redundancy programmes for 20 or more employees.



8.7.8 Appoint, reappoint or remove the General Counsel and Head of Internal Audit.

8.7.9 Approve appointment, reappointment or removal to boards of subsidiaries.

8.7.10 Ensure adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience and diversity within the Society and the Board.

8.7.11 Prior to the members' vote at the Annual General Meeting, approve appointment, reappointment or removal of external auditors.

## 8.8 Remuneration

8.8.1 Approve the Remuneration Policy and NED fees.

## 8.9 Delegation of Authority

8.9.1 Approve the delegation of responsibilities in the Delegated Authority Summary and provide oversight of the responsibilities delegated.

8.9.2 Approve the division of responsibilities between the Chair and the Chief Executive, ensuring these are set out in writing and their respective role profiles are agreed by Board.

## 8.10 Corporate Governance

8.10.1 Approve Terms of Reference of the Board, Board Sub Committees (Level 1 committees) and the Executive Committee.

8.10.2 Review The Nottingham's overall corporate governance arrangements, including approval of Matters Reserved for the Board.

8.10.3 Review The Nottingham's obligations, compliance and performance with the Senior Managers and Certification Regime (SM&CR), including performance of its obligations under the certification rules, compliance with the firm's obligations in relation to its management responsibilities map and for the allocation of all prescribed responsibilities.

8.10.4 Undertake an annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.

8.10.5 Undertake an externally facilitated Board effectiveness review at least every three years, unless there have been material changes in the Board membership within the previous 12 months or there are changes expected within the next 12 months. The Board will state in the annual report how performance evaluation of the Board, its Committees and its individual directors has been conducted.

8.10.6 Review the independence of Non-Executive Directors in light of their character, judgment and relationships.

8.10.7 Consider the balance of interests between members, employees and the community.

8.10.8 Authorise conflicts of interest where permitted by the Rules of the Society.



8.10.9 Approve the Directors' Conflict of Interest Policy.

8.10.10 The Board delegates to the Board Risk Committee responsibility for development of The Society's risk management framework. This includes the Risk Management Framework Document and other key documents (such as the ICAAP, the ILAAP, RRP, BRP and Operational Resilience Self-assessment. See the Delegated Authorities Summary document for full details). Notwithstanding that development of all such documents resides with Board Risk Committee, approval of all such documents is a responsibility that remains with the Board in accordance with section 8.4.2.

## 9. Other matters

The Board shall:

9.1 Have access to sufficient resources in order to carry out its duties, including access to the Society secretariat for advice and assistance as required.

9.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

9.3 Give due consideration to all relevant laws and regulations, including the provisions of the Corporate Governance Code and the Rules of The Society.

9.4 Review on an ongoing basis all material decisions which it takes, including both the quality of the decisions themselves and the decision making process.

## 10. Authority

The Board may, at the Society's expense, obtain outside legal or other professional advice on any matters within its terms of reference.

