

# The Original Holloway Friendly Society Limited

## Schedule of matters reserved for The Board

The Society's Board of Management is responsible for the overall management of the Society. While it delegates certain matters to the Chief Executive and others to its Committees, decisions on a number of matters are reserved for the Board.

This Schedule notwithstanding, the Board reserves the right to commission any report or request recommendations on any matter which it considers significant to the Society, at any time.

This Schedule documents the matters which are reserved for the Board, as at [September 2018]. It will next be reviewed in 12-18 months' time.

### 1. Strategy, Management & Performance

#### Strategy, Business Model & Plans

The Board is responsible for describing and agreeing the Society's long-term objectives and commercial strategy. The Board will consider and approve:

- the Society's strategy and business model.
- its business plan, including:
  - sales plans.
  - annual operating budget.
  - capital expenditure budget.
  - resource, capability and capacity plans.
- its Risk Management Strategy

- its approved risk tolerances (risk appetite).
- its Overall Solvency Needs assessment.

on at least an annual basis. The Board will consider and agree any material changes to these plans.

Specifically, the Board will consider and approve:

- proposals to cease to operate any material part of the Society's business.
- extension of the Society's new business activities, including by geographic area.
- proposals for mergers or acquisitions.
- proposals to make political donations.

## Management of the Society & its Resources

The Board is responsible for the organisation and subsequent performance of the Society's operations. It delegates this responsibility to the Society's Chief Executive and sets the parameters within which the Chief Executive may act without prior reference to the Board. The Board will consider and approve:

- proposals for major organisational structure changes or corporate re-structures.
- the annual Balanced Score Card.
- proposals for reporting on progress.
- specific matters requiring Board consultation and/or approval.

Specifically, the Board will consider and approve:

- prosecution, defence or settlement of litigation.
- major changes to the Society's employment benefits or pension scheme.

## Performance Management

The Board is responsible for managing the Society's performance. Day-to-day responsibility for performance is delegated to the Chief Executive, who manages the team of Executives, with appropriate reporting to the Board.

The reporting required from or facilitated by the Chief Executive is designed to provide comprehensive oversight of the Society's operations and to demonstrate:

- competent and prudent management.
- sound planning.
- an adequate and effective system of risk management and internal control.
- the maintenance of accurate and complete accounting records.
- accurate and complete record-keeping in all other respects.
- compliance with statutory and regulatory obligations.

The Board will review performance from time to time, in the light of the Society's strategy, objectives, business plans and budgets. It will consider and approve high-level activity to achieve the planned objectives, including any necessary corrective action. It will take steps to ensure that objectives are met as described.

The Board reserves the right to direct the Chief Executive, Executive or management, at any time.

## 2. Society Rules & Corporate Structure

The Board is responsible for the integrity and fitness-for-purpose of the Society's Rules and for how it organises itself within the context of relevant regulatory and legal requirements. The Board will consider and agree:

- proposed changes to the Society's memorandum and/or rules.
- proposed changes to the Society's corporate structure.
- proposed changes to the Society's management and control structure.
- proposed changes to the Society's status as a Friendly Society.

## 3. Financial Management, Policy, Reporting & Controls

The Board is responsible for the integrity (including fitness for purpose, completeness and accuracy) of the Society's financial transactions, including their reporting. Financial integrity is underpinned by the controls over financial transactions. The Board will consider and approve:

- the name of the external auditor to be proposed to the membership.
- proposals for significant changes in accounting policies or practices. AUDIT1
- the annual report and accounts, including the corporate governance statement and remuneration report. AUDIT1
- proposals for interim and final compound bonus, allocation and interest rates.
- management authority limits and bank mandates
- proposals to change insurance levels, including Directors' and Officers' liability insurance.
- the ORSA policy.

These matters will be considered by the Audit & Risk Committee, which may make recommendations to the Board, if appropriate.

## 4. Investment Management Policy, Performance & Controls

The Board is responsible for the Society's investment management policy and the appropriate management of the Society's assets, including performance reporting and credit worthiness. The Board will consider and approve:

- the Society's investment strategy and policy.
- proposed arrangements for investment management, including appointment of investment managers and appropriate contract terms.
- the Society's treasury policy
- proposals for asset allocation ranges.
- proposals for counterparty and investment limits.

These matters will be considered by the Investment Committee, which may make recommendations to the Board, if appropriate. While these are primarily investment matters, the Audit & Risk Committee will also consider them from a financial perspective and may too wish to make recommendations to the Board.

## 5. Product and the Financial Impact of Product

The Board is responsible for the Society's products. In particular, the financial impact of existing and new products for all stakeholders. The Board will consider and approve:

- the product pricing policy
- the reinsurance policy
- the underwriting policy
- the Product Development Process
- the launch of new products
- material product enhancements, alterations and product disposals

These matters will be considered by the Executive Committee, which may make recommendations to the Board, if appropriate. The Audit & Risk Committee may also wish to consider and make recommendations on those policies which have a direct financial bearing, and may wish to make recommendations in this regard.

## 6. Internal Control & Risk Management

The Board is responsible for the Society's internal control system and risk management system and its continuing effectiveness. The Board will consider and approve:

- the approach to conduct management
- the design of the Internal Control System
- the design of the Risk Management System
- the continuing effectiveness of these Systems
- reporting on the continual effectiveness of these Systems
- reporting on the effectiveness of these Systems for the annual report

These matters will be considered by the Audit & Risk Committee, which may make recommendations to the Board, if appropriate.

## 7. Contracts

The Board is responsible for the Society's external contractual relationships. The Chief Executive has delegated authority to enter into contracts and so bind the Society based on the agreed plans and agreed limits. Otherwise, the Board will consider and approve:

- proposed contracts for major capital projects or investments.
- contracts which are material strategically or by reason of size, entered into by the Society in the ordinary course of business
- any contract that, in the event of complete or partial failure, will materially damage the Society

Specifically:

- bank borrowings above £500,000
- acquisitions or disposals of fixed assets above £25,000
- proposed contracts with the Society, not in the ordinary course of business
- loans and repayments above £50,000
- foreign currency transactions above £10,000
- major acquisitions or disposals above £10,000.

These matters will be considered by the Executive Committee, which may make recommendations to the Board, if appropriate.

## 8. Communication

The Board is responsible for the Society's communications with its membership. The Board will consider and approve:

- proposed resolutions and documentation for general meetings.
- press releases concerning matters decided by the Board.

These matters will usually be considered by the Chief Executive and/or the Company Secretary, who may make recommendations to the Board, as appropriate.

## 9. Board Membership & Other Appointments

The Board is responsible for ensuring that it is effective, now and in the future. The Board will consider and approve:

- proposed changes to the structure, size and composition of the Board.
- proposed succession plans for the Board and senior management.
- proposed appointments to the Board.
- proposed appointments for the office of Chief Executive and other Senior Manager roles.

The Board will decide:

- who is to chair the Board.
- who is to be appointed Senior Independent Director.
- who is to be appointed as Company Secretary, and any changes to that office.
- who is to chair and to be a member of the Board's Committees.
- whether and which Directors should be proposed for re-election.
- on the continuing service of Directors .
- on the appointment of any other principal professional advisers.

The Board will assess:

- the independence of individual Directors.

These matters will be considered by the Nomination & Remuneration Committee, which may make recommendations to the Board, as appropriate.

## 10. Remuneration

Remuneration matters are handled by the Nomination & Remuneration Committee. The Board is responsible for ensuring that this Committee is properly constituted, has appropriate authority, resource and independence.

## 11. Delegation of Authority

The Board is responsible for ensuring that the Society has effective governance and efficient operational structure In this regard, the Board will consider and approve:

- the division of responsibilities between the Chairman and the Chief Executive.
- the terms of reference of Board committees.

These matters will be considered by the Nomination & Remuneration Committee, which may make recommendations to the Board, as appropriate.

## 12. Governing Well

The Board is responsible for ensuring that the Society is properly governed, with due recognition of the emerging practice and requirements in this area. In particular, the Board is responsible for ensuring that the Society is managed for its membership, with reference to fairness for all stakeholders, and with appropriate openness to external ideas and emerging trends. The Board will consider and approve:

The Board will undertake:

- a formal and rigorous review of its performance, its Committees' performance and the performance of individual directors, led by the Chair, every year.
- a formal, externally facilitated review of its performance, its Committees' performance and individual director's performance, led by the Chair, at least once every three years.

These matters will be considered by the Nomination & Remuneration Committee, which may make recommendations to the Board, as appropriate.

Every year, the Board will assess:

- the balance of interests between members, employees, customers and the community.
- the appropriateness of the Society's overall corporate governance arrangements.

In making its assessment, the Board will

- have due regard for the interests of the Society's membership, including any communication from individual members.
- take into account the perspective from Board Committees, as reflected by the Chairs of the Committees, including any recommendations.

The Board will consider and approve:

- any changes to this schedule of matters reserved for the Board.

**By Order of the Board**

**[September 2018]**