



# **Skipton Building Society**

## **Board terms of reference**

<b>Data Classification</b>	<b>Public</b>
<b>Document approved by</b>	<b>Skipton Building Society board</b>
<b>Date of approval</b>	<b>2 December 2024</b>
<b>Version number</b>	<b>2.0</b>

## 1. Purpose

- 1.1. The board of directors (the “**Board**”) is the overall governing body of Skipton Building Society (the “**Society**”) and the Skipton Group.
- 1.2. For the purpose of these terms of reference the “**Group**” is defined as the Society and its subsidiary undertakings including the following key businesses:
  - Connells Limited;
  - Skipton International Limited (SIL);
  - Skipton Business Finance Limited (SBF); and
  - Jade Software Corporation Limited.

## 2. Duties of the Board

- 2.1. The principal functions of the Board are to:
  - 2.1.1. Be collectively responsible for overall stewardship and the long-term strategy of the Society and the Group, ensuring compliance with governing laws, rules and regulations;
  - 2.1.2. Ensure that the best interests of the Society’s members is central to strategy and decision making and having due regard for the interests of other key stakeholders including customers, colleagues, suppliers, the Group and the wider general society as per section 172 of the Companies Act 2006 where applicable;
  - 2.1.3. Embed a culture that places customer outcomes at the heart of strategy;
  - 2.1.4. Have due regard for the positioning of the Group’s external profile;
  - 2.1.5. Review and approve Corporate Plans for the Group; and
  - 2.1.6. Have oversight of the material risks in the Group, through the work of the respective Group company board committees and embedding a culture of risk awareness.
- 2.2. In fulfilling its role in overseeing the risks confronting the business, the Board will ensure that executive management maintains systems and processes to identify, measure, monitor and mitigate these risks. It will do this by agreeing the long-term Group Corporate Plan and through the formal approval of Group wide Board statements and policies. It will also review actual results of the Society and Group companies against the Corporate Plan ensuring any remedial action is taken, as appropriate. All actions of the Board will ensure adherence to the Memorandum and Rules of the Society.

### **Matters reserved to the Board are noted in the Appendix.**

- 2.3. Duties and matters not expressly reserved to the Board in these Terms of Reference are delegated to:
  - 2.3.1. Board committees in accordance with their terms of reference approved by the Board; or
  - 2.3.2. The Group Executive Committee in accordance with the terms of reference approved by the Board; or
  - 2.3.3. The Group Chief Executive who may, in turn, sub-delegate certain powers within their powers to other executive directors, senior management, or the boards of Group companies.
- 2.4. The Group Executive Committee may only delegate responsibilities to an Executive Committee or

sub-committee/sub-group of such Executive Committee.

- 2.5. Individual members of the Group Executive Committee may only delegate responsibilities to direct line reports for which they are responsible e.g. a member of their senior leadership team or the relevant executive member of a Group company.
- 2.6. All matters delegated are subject to strict compliance with Board approved statements and policies including limits set for specific activities and transactions.

### **3. Membership**

- 3.1. The Board shall determine, from time to time, what its composition should be, but it will comprise no fewer than six and no more than fifteen directors. It shall comprise of the Chair, Senior Independent Director, the Group CEO and up to twelve other directors.
- 3.2. The majority of directors at any time must be non-executive directors.
- 3.3. The Chair shall chair meetings, or in their absence, the Senior Independent Director. In the absence of both at any meeting, the directors present shall elect one of their members to be chair for that meeting.
- 3.4. Any members of management or other individuals within the Group may be invited to attend for all or part of any meetings, to facilitate effective operation of the Board.

### **4. Quorum**

- 4.1. Meetings of the Board will be quorate where attended by at least four directors, with a majority being non-executive directors.
- 4.2. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Board. Decisions shall be taken in accordance with the Board's responsibilities described in these terms of reference by a majority vote of Board members. In the event of a tie, the Chair (or the Senior Independent Director of the meeting if the Chair is not present) shall have the casting vote.
- 4.3. The Board shall be deemed to meet together if they are in separate locations, but are linked by conference telephone, video or other electronic communications equipment. Such a meeting shall be deemed to take place where the largest group of members of the Board participating is assembled or if there is no such group, where the chair of the meeting is present.
- 4.4. A decision of the Board may be taken by written resolution including electronic means. A decision in this instance shall only be valid if signed by all directors.

### **5. Frequency of Meetings**

- 5.1. The Board shall meet at least eight times each year or, on a more frequent basis, as determined by the Chair.
- 5.2. Meetings of the Board shall be called by the Group Secretary and General Counsel at the request of the Chair.
- 5.3. Meetings of the Board shall be called by the Group Secretary and General Counsel at the request of any of its directors if they consider it necessary.

## **6. Secretary**

The Group Secretary and General Counsel or their nominee shall act as secretary to 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 issues.

## **7. Powers of the Board**

7.1. The Board may:

7.1.1. Investigate any activity within its terms of reference;

7.1.2. Obtain external legal or other independent professional advice, at the Society's expense, as it considers necessary to undertake its duties, and to secure the attendance of any such advisers at any meetings of the Board where required;

7.1.3. Sub-delegate any or all its powers and authority as it sees fit, including, without limitation, by the establishment of sub-committees who will report back to the Board.; and

7.1.4. Seek any information it requires from any colleague of the Society or any of its Group undertakings in order to perform its duties.

7.2. In the event of any discrepancy between these Terms of Reference and the terms of reference of a board of any Group company, the provisions of these Terms of Reference shall prevail.

## **8. Reporting Responsibilities**

Formal minutes of the meetings of the Board shall be taken by the Group Secretary and General Counsel or their delegate and circulated to Board members. These will provide a record of how the Board meets the responsibilities within these Terms of Reference.

## **9. Annual General Meeting**

Members of the Board shall attend the Society's Annual General Meeting prepared to respond to any member questions on the Board's activities.

## **10. Annual Review**

The Board shall review its terms of reference, at least, annually to ensure these remain up to date.

## **Appendix**

### **1. Matters Reserved to the Board**

#### ***Strategy and management***

- 1.1. Responsibility for the overall management of the Group;
- 1.2. Approval of the Group's long-term objectives, commercial strategy and Corporate Plan,
- 1.3. Approval of the annual operating and capital expenditure budgets and any material changes to them;
- 1.4. Oversight of the Group's operations;
- 1.5. Overall accountability for sustainability ambitions across the Group;
- 1.6. Extension of the Group's activities into new business or geographic areas;
- 1.7. Any decision to cease to operate any part of the Group's business that exceeds 1% of the Group's net operating income; and
- 1.8. Agreement and recommendation to members of the Society of any proposed change to the name of the Society.

#### ***Structural, capital and liquidity***

- 1.9. Approval of the Society's Individual Liquidity Adequacy Assessment Process (ILAAP);
- 1.10. Approval of the Society's Individual Capital Adequacy Assessment Process (ICAAP);
- 1.11. Declaring and recommending the payment of distributions to members excluding interest rates paid on savings accounts and interest rates charged on borrowings which are delegated to the Group Executive Committee (subject to paragraph 2.4 above);
- 1.12. Approval of the Society's Wholesale Funding Mandate or any additional programme for or single issuance of long-term debt, including senior and subordinated debt and any other capital instrument, by the Society or any of its Group undertakings;
- 1.13. Major changes to the Group's corporate structure;
- 1.14. Changes to the overall responsibilities of members of the Group Executive Committee; and
- 1.15. Any changes to the Society's status as a Building Society that is to be recommended to members.

#### ***Financial reporting and internal controls***

- 1.16. Approval of preliminary announcements of half year and final results;
- 1.17. Approval of the Annual Report and Accounts, including the Strategic Report, Business Review, Directors Report on Remuneration and viability report;
- 1.18. Approval of any significant changes in accounting policies or practice, based on the recommendation of the Board Audit Committee;
- 1.19. Approval of the Group Risk Appetite based on the recommendations of the Board Risk Committee; and
- 1.20. Approval of Group policies and standards on financial, conduct and operational risks and any significant changes thereto based on the recommendations of the Board Audit Committee.

- 1.21. Approval of the Group's system of internal control and any significant changes thereto, based on the recommendations of the Board Audit Committee.

### ***Transactions***

- 1.22. Approval of any substantial transaction, defined for these purposes as any capital and revenue expenditure, including an acquisition or disposal of financial assets, involving a total consideration (including deferred consideration if any) or, if greater, of a market value that exceeds or may exceed the limits set out in the Board Approved Group Mandate Schedule;  
  
(Any transaction permitted under Group policies as defined in the Group risk policy framework including the Society's Treasury Policy and Credit Approval processes) is excluded from the definition of substantial transaction as defined above);
- 1.23. Approval of contracts exceeding the limits set out in the Delegated Authorities Manual;
- 1.24. Approval of commencement, by a Group company, of any activity within its powers, where such business has not previously been transacted and where the activity is expected to represent, in its first full year of trading, more than 1% of gross income of the Group in the most recent financial year;
- 1.25. Approval of cessation, by any Group company, of any activity previously conducted, representing more than 1% of gross income of the Group in the most recent financial year;
- 1.26. Approval of the provision of any guarantee, indemnity or security by a Group company for a sum that exceeds the limits for transactions set out in the Delegated Authorities Manual;
- 1.27. Approval of the issue or repayment of capital or any other borrowings by any Group company other than:
  - 1.27.1. the day-to-day operation of bank accounts within delegated authorities and agreed mandates to facilitate the payments, or;
  - 1.27.2. the issue or repayment of non-retail funds and deposits in accordance with the Treasury Policy.
- 1.28. Approval of any donation or any other support to a political party or other political organisation by any Group company, subject to compliance with the detailed legal obligations applicable to such donations. It is the Group's policy that no such donations be made.

### ***Board membership and other appointments***

- 1.29. Changes to structure, size and composition of the Board, following recommendations from the Board Nominations Committee;
- 1.30. Ensuring adequate succession planning for the Board and senior management (i.e. members of the Group Executive Committee, the Group Chief Internal Auditors and executive directors of Connells Limited, Skipton Internal Limited and Jade Software Corporate Limited); following recommendations from the Board Nominations Committee;
- 1.31. Appointments to the Board, following recommendations by the Board Nominations Committee;
- 1.32. Appointment of any director as Chair or Senior Independent Director of the Board, and ending such appointments;
- 1.33. Removal 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;
- 1.34. Appointment or removal of the Group Secretary and General Counsel;

- 1.35. Appointment, reappointment or removal of the Society's external auditor to be put to the members for approval, following recommendation from the Board Audit Committee.

#### ***Remuneration***

- 1.36. Determining the Remuneration policy for the Non-Executive Directors (excluding the Chair), based on the recommendations of the Non-Executive Remuneration Committee.

#### ***Delegation of authority***

- 1.37. Approval of the division of responsibilities between the Chair, Group Chief Executive and members of the Group Executive Committee;
- 1.38. Approval of the delegation of authorities to the Group Chief Executive;
- 1.39. Approval of terms of reference of Board committees, and
- 1.40. Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees and Group company boards, and the job descriptions of the Group Chief Executive and other members of the Group Executive Committee.

#### ***Corporate governance matters***

- 1.41. Undertaking a formal and rigorous annual review of its own performance, that of its committees and ensuring that these are conducted for individual directors;
- 1.42. Determining the independence of directors; and
- 1.43. Review of the Group's overall corporate governance arrangements.

#### ***Policies and statements***

- 1.44. Approval of policies and statements in line with the Group Risk Policy Framework.
- 1.45. Oversight of the adequacy of whistleblowing (Speak-Out) arrangements and approval of the Whistleblowing (Speak-Out) policy, on recommendation of the Board Audit Committee.
- 1.46. Approval of the appointment of the Board's whistleblowing (Speak-Out) champion.
- 1.47. Approval of the Society's Modern Slavery and Human Trafficking Statement.

#### ***Legal and regulatory***

- 1.48. Approval of the initiation of and response to any litigation or proceedings in respect of the Society or any Group company's business in relation to potential claims in excess of the limits set out in the Board Approved Group Mandate Schedule, or where there is reasonable expectation of significant reputational or financial impact, which is beyond the delegated authority of the Group Chief Executive or Group company boards;
- 1.49. Approval of the overall levels of insurance for the Group, including Directors' and Officers' liability insurance;
- 1.50. Major changes to the Rules of the Group's pension schemes or the funding thereof;
- 1.51. Annual review of a report by the Data Protection Officer for the Society on the Society's compliance with data protection requirements;
- 1.52. Consideration of declarations of interests from directors; and

- 1.53. Approval of resolutions to be put forward to the Society's members at the Annual General Meeting.

***Resolution***

- 1.54. Review and approve the Society's Resolvability Self-Assessment following recommendation from the Board Risk Committee; and
- 1.55. Review the effectiveness of the Society's resolvability capabilities.