

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

1. Strategy and management

- 1.1 Responsibility for the overall management of the Society.
- 1.2 Approval of the Society's long-term objectives and commercial strategy.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the Society's operations ensuring:
 - competent and prudent management;
 - sound planning;
 - an adequate system of internal control;
 - adequate accounting and other records; and
 - compliance with statutory and regulatory obligations.
- 1.5 Review of performance in the light of the Society's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the Society's activities into new business or geographic areas.
- 1.7 Any decision to cease to operate all or any material part of the Society's business.

2. Structure and capital

- 2.1 Major changes to the Society's corporate structure.
- 2.2 Changes to the Society's management and control structure.
- 2.3 Any changes to the Society's status as a mutual.
- 2.4 Any acquisition or disposal of a controlling interest in any company.

3. Financial reporting and controls

- 3.1 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 3.2 Approval of the Bonus Strategy Policy for Holloway business.
- 3.3 Approval of all bonus rates for Holloway business.
- 3.4 Approval of the investment and treasury policies of the Society, including its foreign currency exposure and the use of financial derivatives.
- 3.5 Approval of any significant changes in accounting policies or practices.
- 3.6 Approval of the Society's ICA assumptions and results.

4 Internal controls

4.1 Ensuring maintenance of a sound system of internal control and risk management including:

- receiving reports on, and reviewing the effectiveness of, the Society's risk and control processes to support its strategy and objectives;
- undertaking an annual assessment of these processes; and
- approving an appropriate statement for inclusion in the annual report and accounts.

5 Contracts

5.1 Approval of major capital projects.

5.2 Setting the delegated authority limits for the Chief Executive and the Society's management.

5.3 Approval of transactions above the Chief Executive's limits of authority for capital expenditure and major contracts and transactions.

5.4 Funding of the Society's defined benefit pension scheme.

5.5 Major investments including the making of any merger or acquisition offer.

6. Communication

6.1 Approval of resolutions and corresponding documentation to be put forward to members at a general meeting.

6.2 Approval of press releases concerning matters decided by the Board.

7. Board membership and other appointments

7.1 Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.

7.2 Ensuring adequate succession planning for the Board and senior management.

7.3 Appointments to the Board and appointments of other Approved Persons, following recommendations by the Nomination Committee.

7.4 Selection of the Chairman of the Board and the Chief Executive.

7.5 Appointment of the Senior Independent Director.

7.6 Membership and Chairmanship of the Board committees.

7.7 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 AGM and otherwise as appropriate.

7.8 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 the terms of their service contract.

7.9 Appointment or removal of the Company Secretary.

- 7.10 Appointment of the General Business Fund and Long Term Business Fund Actuaries.
- 7.11 Appointment, re-appointment or removal of the external auditor to be put to members for approval, following the recommendation of the Audit, Risk and Compliance Committee.
- 7.12 Appointments to boards of the Society's subsidiary companies.

8. Remuneration

- 8.1 Determining the remuneration policy for the Executive Directors, Company Secretary and other senior executives.
- 8.2 Determining the remuneration of the Non-Executive Directors, subject to the Rules of the Society and member approval as appropriate.
[Only the Executive Directors are involved in making recommendations on Non-Executive Director Remuneration]

9. Delegation of authority

- 9.1 The division of responsibilities between the Chairman, the Chief Executive and other Executive Directors, which should be in writing.
- 9.2 Approval of terms of reference of Board committees.
- 9.3 Receiving reports from Board committees on their activities.

10. Corporate governance matters

- 10.1 Undertaking an annual review of its own performance, that of its committees and individual Directors.
- 10.2 Determining the independence of Directors.
- 10.3 Considering the balance of interests between members, employees, customers and the community.
- 10.4 Review of the Society's overall corporate governance arrangements.
- 10.5 Receiving reports on the views of the Society's members.

11 Policies

- 11.1 Approval of policies, including:
- Code of Conduct;
 - Treating Customers Fairly Policy;
 - Health and safety policy;
 - Environmental policy;
 - Corporate social responsibility policy; and
 - Charitable donations policy.

12. Other

- 12.1 The making of political donations.
- 12.2 Approval of the appointment of the Society's principal professional advisers.
- 12.3 Prosecution, defence or settlement of litigation material to the interests of the Society, other than litigation in the normal course of handling claims.
- 12.4 Approval of the overall levels of insurance for the Society including directors' & officers' liability insurance and indemnification of directors.
- 12.5 Matters likely to have an impact on the Society's reputation.
- 12.6 Major changes to the rules of the Society's defined benefit pension scheme, or changes of trustees or changes in the fund management arrangements.
- 12.7 This schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Society.