

THE CHILDREN'S MUTUAL

BOARD OF DIRECTORS

TERMS OF REFERENCE

1. ROLE

- 1.1 The Board shall set the strategic aims and risk appetite of the business and ensure that the necessary financial and human resources are in place for the business to successfully meet its objectives.
- 1.2 The Board should set the values and standards of the business and ensure that its obligations to members, customers and other stakeholders are understood and met.
- 1.3 The Board shall ensure that there is a framework of prudent and effective controls which enable risk to be assessed and managed appropriately within the strategy and risk appetite set.
- 1.4 The Board is responsible for reviewing and challenging management and operational performance.
- 1.5 The day to day management of the business is delegated to the Chief Executive.
- 1.6 All directors must take decisions objectively in the best interests of the Society and with due regard to the interests of other stakeholders, as required by the Companies Act 2006.

2. PROCEDURE

- 2.1 The Board shall meet as and when it deems necessary, provided that it shall meet at least four times each year.
- 2.2 Any three members of the Board shall comprise a quorum.
- 2.3 In the absence of the Chairman of the Board from any particular meeting, the remaining members present shall elect one of their number present to chair the meeting.
- 2.4 The Board may request the attendance at its meetings, either by a standing invitation or specific request, any employee of, or adviser to, The Children's Mutual, but the invitees have no right of attendance. The Regulation and Risk Director shall be expected to attend meetings, unless requested otherwise.
- 2.5 The Society Secretary, or a deputy, shall act as Secretary to the Society Board.
- 2.6 Minutes of meetings shall be circulated to Board members, in draft, immediately following their approval for circulation by the Chairman of the Board.
- 2.7 At each meeting, the Board shall receive a report from the Chairmen of each of its Committees regarding activity over the period since the last Board meeting.

3. DUTIES

The Board shall:

- 3.1 ensure that there is a formal schedule of matters specifically reserved for its consideration and agreement;

- 3.2 agree the overall strategy of TCM and its appetite for risk in achieving that strategy;
- 3.3 approve the overall structure of its Committees, their composition and terms of reference. It will review all terms of reference annually and approve amendments where necessary;
- 3.4 appoint the Chief Executive;
- 3.5 approve any significant change to organisational structure;
- 3.6 approve the annual budget and take regular reports from the Chief Executive on progress against the budget;
- 3.7 approve the Annual Accounts prior to submission to each Annual General Meeting and recommend the appointment of Auditors.
- 3.8 set the investment risk appetite and will approve the stated investment policy developed by the Investment Committee and any amendments thereto in response to the risk appetite agreed;
- 3.9 receive from the Investment Committee reports on the performance of investment managers and re-consider their appointment not less than once every three years;
- 3.10 monitor performance against the business plan, and key performance and risk indicators and take such actions as are deemed necessary;
- 3.11 through the Audit and Risk Committee, monitor the ongoing effectiveness of the business' risk and control framework and receive regular reports thereon. As a minimum, the following will be considered:
 - i. capital adequacy;
 - ii. risk profile against risk appetites set;
 - iii. review of the risk register; and
 - iv. TCF considerations including complaints review.

4. **Other**

- 4.1 Following recommendations from the Audit and Risk Committee, review and approve arrangements by which staff may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action (whistleblowing);
- 4.2 evaluate its own collective performance at least annually;
- 4.3 review annually these terms of reference and those of its Committees.