



# The Housing Finance Corporation

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## Schedule of Matters Reserved for the Board

This document sets out the key reserved responsibilities of the Board of The Housing Finance Corporation Limited. The Housing Finance Corporation Limited is a society registered under the Co-Operative and Community Benefit Societies Act 2014.

For the purposes of this document, references to The Housing Finance Corporation Limited includes the equivalent functions for all its subsidiary companies (*“the Group”*).

### ROLE AND RESPONSIBILITIES

The role of the Board is to organise and direct the affairs of The Housing Finance Corporation Limited and the Group in a manner that seeks to promote the long-term sustainable success of the Group for the benefit of its members and stakeholders as a whole and contribute to wider society, while complying with The Housing Finance Corporation Limited’s rules and all relevant regulatory requirements and corporate governance standards.

The Board is responsible for and has reserved powers relating to the following:

#### 1 STRATEGY AND MANAGEMENT

- 1.1 Responsibility for the overall leadership of The Housing Finance Corporation Limited and setting the Group’s values and standards.
- 1.2 Approval of the Group’s strategic aims and objectives.
- 1.3 Approvals of the annual operating and capital expenditure budgets, and any material changes to them.
- 1.4 Oversight of the Group’s operations, ensuring:
  - Competent and prudent management
  - Sound planning
  - Maintenance of sound management and internal control systems;
  - Adequate accounting and other records; and
  - Compliance with statutory and regulatory obligations.
- 1.5 Review of performance in the light of the Group’s strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the Group’s activities into new business or geographic areas.
- 1.7 Any decision to cease to operate all or any material part of the Group’s business.

#### 2 STRUCTURE AND CAPITAL



# The Housing Finance Corporation

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- 2.1 Changes relating to the Group's capital structure including reduction of capital and share issues.
- 2.2 Major changes to the Group's corporate structure.
- 2.3 Changes to the Group's management and control structure.

## 3 FINANCIAL REPORTING AND CONTROLS

- 3.1 Approval of the half-yearly report.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and directors' remuneration report. on recommendation by the Audit Committee.
- 3.3 Approval of Group dividends.
- 3.4 Approval of any significant changes in accounting policies or practices, on recommendation by the Audit Committee.
- 3.5 Approval of treasury policies.
- 3.6 Approval of the credit risk policy.
- 3.7 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
- 3.8 Approval of the Auditors' Letters of Representation.
- 3.9 Approval of the Group tax strategy.

## 4 INTERNAL CONTROLS

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - Approving the Group's risk appetite statements;
  - Receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives;
  - Approving procedures for the detection of fraud and the prevention of bribery;
  - Undertaking an annual assessment of these processes; and
  - Approving an appropriate statement for inclusion in the annual report.

## 5 CONTRACTS

- 5.1 Approval of major capital projects.
- 5.2 Approval of contracts which are material strategically or by reason of size, entered into by the company.
- 5.3 Approval of major investments.

## 6 COMMUNICATION



# The Housing Finance Corporation

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- 6.1 Approval of resolutions and corresponding documentation to be put forward to members at a general meeting.
- 6.2 Approval of all circulars, prospectuses and listing particulars.

## 7 BOARD MEMBERSHIP AND OTHER APPOINTMENTS

- 7.1 Changes to the structure, size and composition of the Board, following recommendations from the Remuneration and Nomination Committee.
- 7.2 Appointments to the Board, following recommendations from the Remuneration and Nomination Committee.
- 7.3 Selection of the Chair of the Board and the Chief Executive, following recommendations from the Remuneration and Nomination Committee.
- 7.4 Appointment of the senior independent director to provide a sounding Board for the chair and to serve as intermediary for the other directors when necessary, following recommendations from the Remuneration and Nomination Committee.
- 7.5 Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the company and on the Board.
- 7.6 Appointing members and the Chair of Board committees, following recommendations from the Remuneration and Nomination Committee.
- 7.7 Approving proposed directors for re-election by members following recommendations from the Remuneration and Nomination Committee.
- 7.8 Decide on matters relating to the 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 company, subject to the law and their service contract.
- 7.9 Appointment or removal of the company secretary.
- 7.10 Appointment, reappointment or removal of the external auditor to be put to members for approval in general meeting, on recommendation of the Audit and Risk Committee.
- 7.11 Admitting individual persons or entities to membership of the Society, where applicable.

## 8 REMUNERATION

- 8.1 Approving the remuneration of the non-executive directors, on recommendation from the Remuneration and Nomination Committee.
- 8.2 Approving the annual Staff Pay Award proposal, on recommendation from the Remuneration and Nomination Committee.
- 8.3 Approving the Bonus Award proposal, on recommendation from the Remuneration and Nomination Committee.
- 8.4 Approving proposals made following external benchmarking exercises of pay and benefits, on recommendation from the Remuneration and Nomination Committee.



# The Housing Finance Corporation

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- 8.5 Approving proposed offers to deferred pensioners in connection with deficit reduction exercises.

## 9 DELEGATION OF AUTHORITY

- 9.1 The division of responsibilities between the Chair and Chief Executive, which is clearly established, set out in writing and agreed by the Board.
- 9.2 Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing).
- 9.3 Establishing Board committees and approving their terms of reference, and approving material changes thereto.
- 9.4 Receiving reports from Board committees on their activities

## 10 CORPORATE GOVERNANCE MATTERS

- 10.1 Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
- 10.2 Determining the independence of non-executive directors in light of their character, judgment and relationships.
- 10.3 Considering the balance of interests between members, employees, customers and the community.
- 10.4 Review of the Group's corporate governance arrangements.
- 10.5 Authorising conflicts of interest where permitted by the relevant company constitutions

## 11 POLICIES

- 11.1 Approval of policies, including:
- Anti money laundering policy
  - Code of conduct and bribery policy;
  - Conflicts of interest policy
  - Diversity, equity and inclusion policy
  - Donations and sponsorship policy;
  - Fraud policy
  - Health and safety policy
  - Modern slavery policy;
  - Tax evasion policy
  - Whistleblowing policy;

## 12 OTHER



# The Housing Finance Corporation

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- 12.1 The making of political donations.
- 12.2 Approval of the appointment of the Group's principal professional advisers.
- 12.3 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism.
- 12.4 Approval of the overall levels of insurance for the Group, including directors' and officers' liability insurance and professional indemnity insurance.
- 12.5 Major changes to the Group's pension arrangements.
- 12.6 Any decision likely to have a material impact on the company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 12.7 This schedule of matters reserved for Board decisions.

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