

Matters reserved for the Board



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1. Background

Matters reserved for the Board should be read in conjunction with the Articles of Association.

No items are delegated to a sub-committee, unless otherwise indicated

Items Marked ++ shall be subject to review / advice / recommendation by the Risk, Compliance and Audit Committee

Items Marked @@@ shall be subject to review / advice / recommendation by the Nominations and Remuneration Committee

Where consideration of any of those matters is delegated to a committee, the final decision will be taken by the full board with recommendations from that committee.

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 Company.

2. Strategy and Management

- 2.1 Responsibility for the philosophy and overall strategy of the Company.
- 2.2 Responsibility for the management and culture of the Company.
- 2.3 Determination of the nature and extent of the significant risks to be taken in achieving the Company's strategic objectives++.
- 2.4 Approval and regular review of the Company's Annual and Three Year Plan and Budget.
- 2.5 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 2.6 Review of performance against the Company's Annual and Three Year Plans and Budgets and ensuring that any necessary corrective action is taken.

- 2.7 Approval of margins.
- 2.8 Oversight of the UK MBA's operations ensuring:
 - Competent and prudent management ++@ @ @
 - Sound planning
 - Compliance with statutory and regulatory obligations. ++
- 2.9 Extension of the Company's activities into new areas of activity or geography
- 2.10 Any decision to cease to operate all or any material part of the Company's activities.

3. Financial Reporting and Controls

- 3.1 Approval of the Annual Report and Accounts including the remuneration report, directors' report and corporate governance statement. ++
- 3.2 Ensuring that the Annual Report and Accounts presents a fair, balanced and understandable assessment of the Company's performance, position and prospects. ++
- 3.3 Approval of any significant changes in accounting policies or practices. ++
- 3.4 Approval of treasury policies including foreign currency exposure. ++

4. Internal Controls and Risk Management

- 4.1 Ensuring the maintenance of and monitoring the effectiveness of a sound system of internal controls including financial, operational and compliance controls and of the Company's risk management systems. ++
- 4.2 Approval of statements for inclusion in the annual report concerning viability, internal controls and risk management. ++
- 4.3 Changes to the Company's risk and control framework. ++

5. Structure and Capital

- 5.1 Major changes to the Company's corporate structure including the entering into of material joint venture agreements.

6. Board Membership and Other Appointments

- 6.1 Approval of the membership of Board committees.
- 6.2 Selection and appointment of the Chief Executive. @@@
- 6.3 Ensuring adequate succession planning for the Board, its committees and senior management. @@@
- 6.4 Appointment and removal of the Company Secretary.
- 6.5 Appointment, reappointment or removal of the External Auditor to be put to members for approval. ++
- 6.6 Approval of the remuneration of the auditors and terms of engagement. ++

7. Remuneration

- 7.1 Determination of the remuneration and terms of appointment for the Non-Executive Directors following recommendations from the Remuneration Committee. @@@
- 7.2 Determination of the remuneration and terms of appointment for the Executive Directors and the Company's Chair. @@@
- 7.3 Determination of the remuneration for Board committee members and for senior executives. @@@
- 7.4 Determination and review of the remuneration policy for the Company. @@@

8. Delegation

- 8.1 Approval of the terms of reference of Board committees, sub-committees and councils.
- 8.2 Approval of the scope and extent of any delegations to Directors and Board committees.
- 8.3 Receiving reports from the Board Committees on their activities.

9. Corporate Governance Matters

- 9.1 Performance evaluation of the Board, its committees and individual Directors. @@@
- 9.2 Determination of the independence of Directors

- 9.3 Determination of the criteria for such independence as to be considered an independent non-executive.
- 9.4 Review of the Company's overall corporate governance arrangements.

10. Policies

- 10.1 Scrutiny and approval of key policies including:++
 - Code of Conduct;
 - Credit Risk;
 - Communications;
 - Anti-bribery; and
 - Other such policies as appropriate.

11. Major Transactions

- 11.1 Approval of credit transactions or delegation criteria (or related programmes of credit transactions) the value of which is in excess of £10 million or which is otherwise materially significant to the Company. The limit to be revisited at least once a year.¹
- 11.2 Scrutiny of market / funding transactions to ensure compliance with the *Risk and Controls Framework* and the Company's relevant policies.++
- 11.3 Approval of any lease with a term exceeding five years.
- 11.4 Approval of prosecution, defence or settlement of litigation.

12. Employee Incentive Schemes

- 12.1 Establishing employee and other incentive schemes and any material changes to them. @@@

13. Schedule of Reserved Matters

- 13.1 Approval of this schedule of reserved matters.

¹ See Appendix 1: High level process chart covering bond issuance and the credit process

Appendix 1

High Level Credit and Issuance Process

High level task list	Illustrative sequencing
Borrowing by councils	
Receipt of Accession documents	■
Loan request	■
Credit review	■
Credit approval by Executive Committee	■
Credit approval by Board	■
Irrevocable commitment to borrow placed in escrow	■
Aggregation of demand based on irrevocable commitments	■
Sourcing funding	
Bond Issuance	
Documentation process	
Preparation by Clifford Chance	■
Negotiation with Banks	■
Review and approval by Board	■
Syndication process	
Selection of syndicate banks	■
Preparation of information memorandum	■
Review and approval by Board	■
Roadshow	■
Launch	■
Bookbuild	■
Price acceptance by Board	■
Settlement process	
Release of documents from escrow	■
Receipt of funding from investors	■
Disbursement of funding to councils	■

Note: Funding may be sourced from other councils or third parties, e.g. the EIB.

