

## **Schedule of Matters Reserved for the Board**

This Schedule of Matters Reserved for the Board was approved by the Board of The Midcounties Co-operative Limited on 2 December 2006 (minute 06/222). The Schedule was further amended on 29 October 2007 (minute 07/166.3), 1 November 2010 (minute 10/142.4), 31 October 2011 (11/174.3), 6 February 2017 (minute 17/39.1) and 19 November 2018 (minute 18/219.4).

The Board shall have the general control and direction of the affairs of the Society, including, but not limited to:

### **1. Membership Issues**

- 1.1. All matters concerning the determination and operation of the Society's rules.
- 1.2. Reporting to members – including the frequency, location and content of members' meetings and directors' reports.
- 1.3. Profit distribution policies and determination for members' approval.
- 1.4. All aspects of membership policy and achievements, including interface with any member committees where appropriate.
- 1.5. Encouraging the growth of membership and its involvement in the affairs of the Society in recognition that co-operative societies are membership based.
- 1.6. Approval of resolutions and corresponding documentation to be put forward to members at member meetings.

### **2. Strategy and Management**

- 2.1. Responsibility for ensuring that the Society's affairs are conducted in accordance with its Rules, the best interests of the Society and its members, and in accordance with Co-operative Values and Principles.
- 2.2. Approval of the Society's long term objectives and commercial strategy.
- 2.3. Approval of the annual revenue and capital expenditure budgets and any material changes to them.

- 2.4. Oversight of the Society's operations ensuring:
  - 2.4.1. competent and prudent management;
  - 2.4.2. sound planning;
  - 2.4.3. an adequate system of internal control;
  - 2.4.4. adequate accounting and other records;
  - 2.4.5. compliance with statutory and regulatory obligations.
- 2.5. 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.
- 2.6. Approval of the extension of the Society's activities into new business or geographic areas.

### **3. Financial reporting and controls**

- 3.1. Approval of preliminary announcements of interim and final results.
- 3.2. Approval of the annual report and financial statements (including the corporate governance statement and remuneration report).
- 3.3. Approval of the half year/quarterly reports.
- 3.4. Approval of any changes in accounting policies or practices.
- 3.5. Review of all audit matters including receiving the auditors report on the accounts and the review of the management letter.

### **4. Internal Controls**

- 4.1. Ensuring maintenance of a sound system of internal control and risk management and taking adequate precautions for guarding against fraud and facilitating its discovery, including:
  - 4.1.1. Receiving reports on, and reviewing the effectiveness of, the Society's risk and control processes to support its strategy and objectives;

- 4.1.2. Undertaking an annual assessment of these processes;
- 4.1.3. Approving an appropriate statement for inclusion in the annual report.

## **5. Contracts**

- 5.1. Approval of Capital Expenditure on capital projects costing in excess of 0.07% of Society turnover<sup>1</sup>. Amounts below this can be delegated to management at the Board's discretion.
- 5.2. Approval of all business acquisitions and disposals.
- 5.3. Approval of all land and property acquisitions and disposals where the value is in excess of 0.1% of Society turnover<sup>2</sup>. Amounts below this can be delegated to management at the Board's discretion.
- 5.4. Approval of all property leasing transactions with a capitalised value in excess of 0.1% of Society turnover<sup>2</sup>. Amounts below this can be delegated to management at the Board's discretion. Exceptionally to the above, the Board delegates authority to management for the approval of lease transactions for convenience stores with a capitalised value between 0.1% of Society turnover and £1.5m provided they fit within the parameters and limits agreed by the Board at its meeting held on 19 November 2018 (minute 18/219.4).
- 5.5. Approval of all funding arrangements proposed for the Society.
- 5.6. Approval of all openings and closings of either branches or member services, but not for changes to merchandise ranges in branches.

## **6. Constitution of the board and senior personnel appointments**

- 6.1. Ensuring adequate succession planning for the management executive.
- 6.2. Selection of the President and Vice-President(s) of the Board.

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<sup>1</sup> c. £770k

<sup>2</sup> c. £1.1m

- 6.3. Appointment of the Chief Executive, including terms and delegated authority, his/her performance appraisal and his/her removal from office including compensation terms for loss of office.
- 6.4. Approval of the executive management structure.
- 6.5. Involvement with the Chief Executive in the appointment of other senior executives reporting to him/her.
- 6.6. Membership and chairs of board committees.
- 6.7. Appointment or removal of the Society Secretary.
- 6.8. Appointment, reappointment or removal of the external auditor to be put to members for approval, following the recommendation of the Audit Committee.
- 6.9. Appointments to boards of subsidiaries.
- 6.10. Approval and review of the Society's people strategy.
- 6.11. Selection of candidates for election to external bodies – for example, the Council of Co-operative Group.

## **7. Directors' fees and remuneration**

- 7.1. Determining the fee level for the Directors such level to be approved by members.
- 7.2. Determining the remuneration of the Chief Executive, Society Secretary and other senior executives, following the recommendations of the Remuneration Committee.
- 7.3. Determining the remuneration of the professional external directors (if appointed) following the recommendations of the remuneration committee, subject to the Society Rules and member approval as appropriate.

## **8. Delegation of Authority**

- 8.1. The division of responsibilities between the Board and the management executive, which should be in writing.
- 8.2. Approval of the terms of reference of Board committees.

8.3. Receiving reports from Board committees on their activities.

## **9. Corporate Governance Matters**

9.1. Undertaking a formal and rigorous review of its own performance, that of its committees and individual Directors.

9.2. Considering the balance of interests between members, employees, customers, suppliers and the community.

9.3. Review of the Society's overall corporate governance arrangements.

9.4. Receiving reports of the views of the Society's members.

## **10. Policies**

10.1. Approval of policies, including:

10.1.1. Directors' Code of Conduct;

10.1.2. Health and Safety Policy;

10.1.3. Key Social and Co-operative Performance Indicator Policy;

10.1.4. co-operation with other co-operatives taking into account the interests of the co-operative movement as well as the interests of the Society;

10.1.5. charitable donations policy.

## **11. Other**

11.1. The making of political donations, subject to the approval of members.

11.2. Approval of the appointment of the Society's principal professional advisers.

11.3. Approval of the overall levels of insurance for the Society including directors' and officers' liability insurance and indemnification of Directors.

11.4. General policy on the use of litigation and major decisions on any particular piece of litigation capable of having a substantial financial bearing or impact on the reputation of the Society.

- 11.5.Changes to the rules of the Society’s pension scheme, or changes of trustees or (when this is subject to the approval of the Society) changes in the fund management arrangements.
- 11.6.This Schedule of Matters Reserved for the Board.
- 11.7.Approval of any changes to the business’s structure, for example any new subsidiaries etc.
- 11.8.Responsibility for all relationships with and for determination of proposals to be forwarded to Co-operatives<sup>UK</sup> Limited, the Co-operative Group Limited and similar bodies, including appointing delegates and deciding Society policy on motions and elections, but excluding day to day trading.
- 11.9.The timing of Board and Committee meetings.

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