

## **THE ODDFELLOWS – COMMERCIAL BOARD TERMS OF REFERENCE**

**References within this document to “CB” means the Commercial Board and “BoD” means the Board of Directors.**

### **1 Membership**

- 1.1 The CB shall be appointed at the first meeting of the BoD after the Annual Movable Conference (AMC).
- 1.2 The CB shall appoint its own Chairman. In the absence of the CB Chairman, the remaining members present shall elect one of themselves to chair the meeting. The CEO cannot be elected Chairman.
- 1.3 The CB shall be made up of at least 4 persons, and currently consists of:
  - Two Term Directors
  - CEO / Secretary of the Order
  - One Member Nominated Non Executive Director (MNED)

All are subject to acceptance by the PRA / FCA Regulated Role<sup>1</sup>.

The Chairman of the BoD is a member of the CB by virtue of their Office and has voting rights.

- 1.4 Only members of the CB have the right to attend CB meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.

### **2 Secretary**

The CEO shall act as the Secretary of the CB.

### **3 Quorum**

The meeting will be deemed quorate providing at least three members are present, one of whom must be the CEO. In the event that a quorum on this basis is not possible then the Grand Master (GM) may be invited to attend in order for the meeting to be quorum. If this is not possible, the CB may have their meeting via Conference Call to ensure a quorum. A duly convened meeting of the CB at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the CB.

### **4 Frequency of Meetings**

- 4.1 The CB meets between BoD meetings, on dates to be agreed by the CB.
- 4.2 Subject to prior notice given in accordance with 5 below, a meeting may be convened for a date other than a scheduled date, at the request in writing of any member of the CB.

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<sup>1</sup> PRA Senior Insurance Managers Function (SIMF), FCA Controlled Function (CF) and/or PRA/FCA Notified NED

## **5 Notice of Meetings and CB papers**

- 5.1 Meetings of the CB shall be summoned by the Clerk to the CB issuing written notice not less than 5 business days before the scheduled date of the meeting or, if summoned in accordance with 4.2 above, not less than 3 business days before the date of the meeting.
- 5.2 Notice of each meeting shall be issued to each member of the CB and each other person invited to attend, stating the venue, time and date together with an agenda of items to be discussed.
- 5.3 Notice of a meeting of the CB may be issued by hand, surface mail or by electronic means.
- 5.4 Notice of a meeting shall be accompanied by reporting papers and such other supporting papers as are appropriate and necessary for the CB to conduct the business for which it has been convened.
- 5.5 The CB may consider papers issued later than as set out in 5.4 above or tabled at a meeting, if the Chairman has given consent.

## **6 Minutes of the Meeting**

- 6.1 The Clerk to the CB shall minute the proceedings, agreed actions and resolutions of all meetings of the CB, including recording the names of those in attendance.
- 6.2 Members of the CB shall declare the existence of any actual and/or potential conflicts of interest prior to discussions on the subject matter and the Clerk to the CB will record the conflict of interest in the minutes. If the conflict of interest is material, the CB member may be asked to leave the meeting for that particular subject matter. For any conflicts of interest other than material ones the CB member may remain in the meeting for that particular subject matter and take part in the discussions and decision.
- 6.3 The minutes and report of each meeting of the CB shall be circulated promptly to all members of the CB. The Clerk to the CB will circulate the approved minutes to the members of the CB, BoD and the Investigation Committee.

## **7 Duties**

On behalf of the BoD, the CB is responsible for the tactical application of strategy and implementation of policy with respect to:

### **7.1 Finance**

- 7.1.1 Unity Investments; Elements of the strategy relating to the Long Term Business (LTB) Funds are referred for the approval of the Insurance Committee. Investment strategy for LTB is determined in consultation with the Society's Actuarial Function Holder (AFH) and ratified by the BoD.

Investment strategy for Fraternal Funds rests with the CB;

- 7.1.2 The CB delegate's implementation of the strategy to appointed external Investment Managers. The agreed guidelines are defined in the terms of

engagement drawn up between the Society and the Investment Managers;  
and

- 7.1.3 Performance at all levels (Funds, Investment Managers, strategy) is reviewed periodically as detailed in 7.7, Performance Monitoring.

## **7.2 Unity Office & Oddfellows' Halls**

Reviews matters arising in respect of Branches' Oddfellows Halls (eg purchase further investment and disposal).

## **7.3 Unity Unitised Investment Fund (Property)**

Reviews and approves purchases and disposals of property held by the Fund and refers matters to the BoD where further approval is necessary.

## **7.4 Branch Investments**

The CB works with the Finance and Property Departments in monitoring and advising on Branch investments (Funds and property) and refers matters to the BoD where its approval is necessary.

## **7.5 Legislation**

Monitors changes in legislation, receiving reports from management and staff to this end.

## **7.6 Rules and Procedures**

- 7.6.1 The CB is responsible for ensuring that the Society's Rules and Procedures comply with the requirements of the Act on an ongoing basis. It reviews information from the PRA / FCA with regard to requirements and legislation;
- 7.6.2 Where necessary, it recommends changes and prepares information for submission to the PRA / FCA. It also deals with internal queries about, and requests for, changes to the Rules and Procedures. If there is a significant amount of information to be considered, the CB may appoint a working group to take over the task; and
- 7.6.3 In addition, the CB monitors updates to the BoD high level procedures documented in the BoD Handbook.

## **7.7 Performance Monitoring**

- 7.7.1 The CB ensures that investments are managed in accordance with current investment policy;
- 7.7.2 The performance of the Society's external Investment Managers is reviewed on a quarterly basis (see 13.2.1, Investment Managers (BoD Handbook)); and
- 7.7.3 Periodically the CB carries out a review of the investment policy and submits a report and any revisions to the BoD.

## **7.8 Internal Control & Risk Management**

- 7.8.1 The CB has oversight responsibility with regard to the effective operation of the non-regulated business internal control framework;
- 7.8.2 Oversight responsibility of the following Risk Management Framework (RMF) policies:
- Market Risk;
  - Investment Risk;
  - Concentration Risk;
  - Asset & Liability Management and;
  - Liquidity Risk.
- In addition the CB has delegated responsibilities within the following RMF policies:
- Internal Control;
  - Operational Risk (non-regulated business);
  - Internal Audit and;
  - Own Risk Solvency Assessment (ORSA).
- 7.8.3 Review and oversight of those Risk Appetite Statements that fall within the CB's responsibility.

## **7.9 Resolutions**

The CB is also responsible for the passing of resolutions in furtherance of the aims and directives of the Society's strategy and in accordance with the policy of the BoD which will receive and approve its minutes.

## **8 Reporting Responsibilities**

- 8.1 The CB shall make whatever recommendations to the BoD, and /or relevant Committee it deems appropriate on any area within its remit where action or improvement is needed;
- 8.2 The CB will receive monthly asset distribution reports to enable the CB to monitor the investments;
- 8.3 Reports on the performance of the LTB Funds and recommendations relating to the investment strategy of the LTB Funds are also reported to the Insurance Committee; and
- 8.4 The Compliance & Risk Officer shall make written or verbal reports on any material weakness or significant issues identified, insofar as they relate to operation of the non-regulated business.

## **9 Other Matters**

The CB shall:

- 9.1 have access to sufficient resources in order to carry out its duties, including access to the Actuary, Auditors, Solicitors, Investment Managers and other advisors approved by the BoD for assistance as required;

- 9.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 9.3 be provided with timely relevant information and reports as set out in these Terms of Reference;
- 9.4 give due consideration to laws, Regulatory Principles, Rules and Guidance of the PRA / FCA, and the provisions of the Association of Financial Mutuals (AFM) Annotated Corporate Governance Code (ACGC) as appropriate;
- 9.5 oversee any investigation of activities within these Terms of Reference and act, as a body of the last resort for decision, judgement, direction and control: and
- 9.6 at least once a year, review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary for approval by the BoD.

## 10 Authority

The CB is authorised:

- 10.1 to carry out its duties and investigate any matter within these Terms of Reference;
- 10.2 to seek any information it requires from any personnel of the Society in order to perform its duties;
- 10.3 to obtain, at the Society's expense' outside legal or other professional advice on any matter within its Terms of Reference and within the agreed budgetary control procedure;
- 10.4 to call any employee to be questioned at a meeting of the CB as and when required; and
- 10.5 the CB delegates decisions and authorities in the following areas to others as shown below:

<b><i>Delegated To</i></b>	<b><i>Area of Responsibility</i></b>
Fund Investment Managers	Implementation of investment policy as defined in the terms of engagement for the sales and purchase of stocks, shares, gilts, corporate bonds and property funds.
Chief Executive Officer	Security and management of investments.