



**Metro Bank Holdings PLC**

**Board**

**Terms of Reference**

**Revision history:**

<b>Approved by the Board</b>	<b>25 July 2023</b>
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## METRO BANK HOLDINGS PLC

### **GROUP BOARD TERMS OF REFERENCE**

Metro Bank Group (the “Group”) consists of Metro Bank Holdings Plc (the “Holding Company”) and its subsidiaries. This document sets out the role and responsibilities of the Holding Company’s Board (the “Board”) in accordance with the UK Corporate Governance Code 2018.

The responsibilities of the Board include adhering to a formal schedule of matters reserved for the decision of the Board, as recommended by the Financial Reporting Council’s Guidance on Board Effectiveness 2018.

#### **1. Membership**

Members of the Board shall be appointed by the Board, on the recommendation of the Nomination Committee. The majority of Board members shall be independent Non-Executive Directors.

Only members of the Board have the right to attend Board meetings, however, other individuals such as Senior Management and external advisers may be invited to attend all or part of any meeting as and when appropriate.

The Board shall appoint the Chairperson. At the time of appointment as Chairperson, the Director concerned shall be an independent Non-Executive Director. In the absence of the Chairperson, the remaining members present shall elect one of themselves to chair the meeting.

#### **2. Company Secretary**

The Company Secretary or their appointee shall act as the Secretary of the Board.

#### **3. Quorum**

The quorum necessary for the transaction of business shall be not less than three members of the Board, two of whom must be independent Non-Executive Directors. A duly convened meeting of the Board 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 Board.

#### **4. Frequency of Meetings**

The Board shall meet at least seven times a year and otherwise as required.

## **5. Notice of Meetings**

Meetings of the Board shall be summoned by the Company Secretary at the request of any of its members or at the request of External Auditor or Chief Internal Auditor if they consider it necessary.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Board and any other person required to attend no later than three working days before the date of the meeting.

## **6. Minutes of Meetings**

The Company Secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance.

The Company Secretary shall record any conflicts of interest reported at the meeting.

Minutes of Board meetings shall be circulated to all members of the Board before the next meeting of the Board.

## **7. Role and Principal Functions**

The role of the Board is to be effective and entrepreneurial and to promote the sustainable success of the Group.

The principal functions of the Board are to:

- Determine the strategy and policies of the Group;
- Set out the risk appetite within which the Bank is managed; and
- Review business performance.

The Board also has a general duty to ensure that the Company operates within:

- The Articles of Association;
- Rules and guidance issued by relevant regulatory authorities; and
- All relevant laws.

The Board should also have mind to the Senior Managers and Certification Regime of the Financial Conduct Authority and the Prudential Regulation Authority rule book as applicable.

## **8. Matters reserved to the Board**

### **8.1 Strategy and management**

- Approval of the Group's long term objectives and strategy, including the Group's Long Term Plan, and annual budget.
- Oversight of the Group's operations ensuring:
  - competent and prudent management;
  - sound planning and risk management;
  - an adequate system of internal control;
  - adequate accounting and other records;
  - consideration of environmental, social and governance matters;
  - compliance with statutory and regulatory obligations; and
  - adequate financial resources.
- Review of delivery of the strategy and performance against plan in the light of the Holding Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Approval of any material extensions of the Group's activities into new business or geographic areas.
- Approval of proposals to cease to operate all or any material part of the Group's business.
- Approval of material changes to the Group's principal policies, such as health and safety and corporate social responsibility.

### **8.2 Culture, Purpose and Values**

- Establish the Company's purpose, values and strategy and satisfy itself that these are aligned with the Group's culture.
- The Board is responsible for setting the tone from top including the assessment and monitoring of the Group's culture and values, seeking assurance that corrective action has been taken where necessary, and explaining to internal and external stakeholders the

Board's activities and its approach to investing in and rewarding the workforce.

### **8.3 Strategic Initiatives, Group Structure, Capital and Funding**

- Approval of changes relating to the capital structure of the Company or any subsidiary including capital raising activity.
- Approval of the Internal Capital and Liquidity Annual Assessment Processes, Recovery Plan and Master Resolution Playbook following recommendation from the Risk Oversight Committee.
- Approval of major changes to the Group's corporate structure including any merger or creation, acquisition or disposal of any subsidiary or associated company, or of any significant business operation, or any other initiative which has significant strategic implications for the Bank.
- Approval of changes to the Group's management and control structure.
- Approval of changes to the Holding Company's or any subsidiary's regulatory permissions.
- Approval where the Holding Company and/or any Subsidiary is required to obtain any new regulatory permission, licence or authorisation to comply with applicable legal regulatory requirements.

### **8.4 Financial reporting and controls**

- Approval of public announcements of interim and final results.
- Approval of the annual report and accounts and other required formal reports.
- Approval of significant changes in accounting policies or practices.
- Approval of corporate expenditure over £1m which either does not fall within the budget approved by the Board or within the Group's spend control governance procedures.

### **8.5 Internal controls and risk management**

Ensure the maintenance of a sound system of internal control and risk management including:

- Receive reports on, and review the effectiveness of, the Group's risk and control processes to support its strategy and objectives via the Group Audit Committee and Group Risk Committee.
- Undertake an annual assessment of these processes.
- Approval of a statement for inclusion in the annual report.
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## **8.6 Communication**

- Approval of resolutions and corresponding documentation to be put forward to shareholders.
- Approval of circulars and listing particulars as appropriate.

## **8.7 Board membership and other senior management issues**

- Approval of changes to the structure, size and composition of the Board, following recommendation from the Group Nomination Committee.
- Ensure adequate succession planning for the Board and Senior Management following recommendation from the Group Nomination Committee, including any changes to the Board Succession Plan.
- Approval of appointments to the Board, following recommendation by the Group Nomination Committee, including the appointment of the Chairperson, the Chief Executive Officer, Chief Financial Officer, the Senior Independent Director and the Company Secretary, and the selection of Members and Chairpersons of Board Committees.
- Approval of the suspension or termination of service of an Executive Director as an employee of the Holding Company and/or any Subsidiary, subject to the law and their service contract.
- Recommend the appointment, reappointment or removal of the external auditor, following the recommendation of the Audit Committee, to the shareholders for approval.
- Approval of appointments to boards of subsidiaries and associated companies following recommendation from the Group Nomination Committee.
- Approval of any loan to a Director or connected person of a Director where such loan falls below the requisite threshold in the Companies Act 2006, excluding those provided as part of business as usual banking activities, which are provided on the same terms as they would be to a customer or third party.

## **8.8 Remuneration**

- Approval of the framework for determining the policy and specific remuneration packages of Executive Directors and recommend the approval of the remuneration policy by shareholders, following review and recommendation of the Group Remuneration Committee.
- Approval of Chairperson, Committee Chairpersons, Senior Independent Director and Non-Executive Director remuneration following review and recommendation of the Group Remuneration Committee.
- Approval of major changes in employee share schemes.

## **8.9 Delegation of Authority**

- Approval of the division of responsibilities between the Chairperson and the Chief Executive Officer.
- Approval of terms of reference of Board Committees and the Chief Executive Officer's role profile.
- Receive minutes and reports from the Board Committees on their activities.

## **8.10 Corporate governance matters**

- Undertake a formal and rigorous review annually of its own performance, that of the Group Board Committees, the Operating Company Board and the Operating Board Committees and individual Directors. Every three years this shall be externally facilitated in line with the requirements of the UK Corporate Governance Code.
- Determine the independence of Directors.
- Review of the Group's overall corporate governance arrangements.

## **8.11 Miscellaneous**

- Approval of the making of political donations.
- Approval and oversight of the prosecution, defence or settlement of litigation involving above £2m or being otherwise material to the interests of the Bank.
- Approval of the overall levels of insurance for the Group including Director's & Officers' liability insurance.

## **8.12 Policies**

Approval of policies, including in relation to:

- risk appetite
- anti-money laundering and counter terrorism
- anti-tax evasion
- share dealing
- capital management
- liquidity

- conflicts of interest
- modern slavery
- market risk policy
- anti-bribery & corruption
- sanctions policy
- related party transactions

## **9. Other Matters**

Matters which the Board considers suitable for delegation are contained in the terms of the Board Committees.

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