

## Background Information for Potential Board Candidates

Thank you for your interest in standing as a Member Nominated Director on the Board of Directors of The Benenden Healthcare Society Limited (the Society).

The Society is committed to providing all potential candidates for the Board of Directors with relevant information to help them consider the commitment they would be undertaking. Before election, candidates should be aware of what the Society expects from its Directors.

This document contains the following information:

- Background information regarding the role of a Member Nominated Director.
- The nominations & election process.
- Additional information that candidates should consider.
- The formal role of Directors on the Society's Board of Directors.
- The Competency Framework for the Society's Board of Directors.
- Our values.

### BACKGROUND

The role of Member Nominated Director for the Society is equivalent to that of a non-executive director in a listed company. Members of the Board direct the business of an organisation with a considerable turnover and must be accountable in that role.

Amongst the Society's Non-Executive Directors, the Board Chair, along with the Chairs of the Group Audit & Risk Committee are individually approved by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). There is currently no requirement for the remainder of the Society's Non-Executive Directors to be individually approved, though all Board members will appear on the Financial Services Register as entries in the regulatory Directory. In addition, all Directors are required to adhere to the regulatory Conduct Rules and will also be subject to regulatory fit and proper requirements.

Successfully elected Directors will be asked to acquire a working knowledge of current legislation governing Benenden Health. Copies of relevant documentation will be provided at induction.

Non-Executive Directors serve a three-year term of office but can re-stand for election until they have served a maximum of three terms, at which point they will not be eligible for re-election. Roles are vacated on a rotational basis, with at least one third of the Board standing down each year. Non-executive Directors aged 70 or over are subject to annual election, in line with requirements of the Friendly Societies Act 1992. Elections are held by Direct Member Vote.

Non-Executive Directors have a core time commitment of at least 40 days a year (excluding travel but including preparation and training time). The stated time commitment includes meetings of the Board, Board Committees, boards of controlled bodies and Conference. It does not include potential additional commitments such as management of e-mails, attendance at events, additional meetings and participation in appraisals. The potential commitment could therefore be significantly higher than stated.

Non-Executive Directors who carry out specific roles (e.g. Vice-Chair, Deputy Secretary, Chair of a Board Committee or subsidiary board) may be required to commit to more time each year to carry out additional duties associated with these roles.

All non-executive Directors are remunerated in line with Rule 21.9. The current remuneration for non-executive Directors is £35,000 per annum. All non-executive Directors are also able to claim reasonable expenses in line with the Society's Business Travel & Expenses Policy.

Non-executive Directors are provided with Society computer equipment, telephone and mobile email facilities. The majority of day-to-day communication is carried out electronically so Directors are expected to check emails regularly. The agenda and papers for all meetings are provided electronically through the Society's approved board administration software.

## **NOMINATION AND ELECTION PROCESS**

Any member may self-nominate to stand for election for a Member-Nominated Non-executive Director post. In accordance with Rule 15.3, a nomination must be received by the Secretary at least 12 weeks prior to the Society's Annual Conference. In practice, an earlier deadline may be put in place to ensure that there is sufficient time for the completion of the Board candidate process. Where a candidate submits their nomination after the deadline, they will be invited to participate in the following year's process.

When submitting a nomination, candidates will be asked to:

- Complete an application form, which includes a questionnaire based on the questions asked by the Financial Conduct Authority for "approved persons" and a self-assessment of the essential competencies required for the role.
- Supply an up-to-date Curriculum Vitae.

This documentation will be assessed by a panel comprised of representatives of the Board of Directors, representatives of the Member Council and chaired by an independent third party. Having assessed the documentation, the panel may choose to remove candidates from the process under Rule 24.5 on the basis that the candidates have not demonstrated the required capabilities to serve on the Board of Directors.

Candidates continuing in the process may be required to attend an introductory candidate session which may be held in person or remotely.

Those candidates continuing in the process will be asked to:

- Provide required information for Benenden Health to carry out background checks (including credit checks and criminal record checks).
- Provide employment references (if employed within the last 5 years).
- Submit biographical details, responses to a set of mandatory questions and a recent photograph to include in the election section of the Conference Agenda and Direct Member Voting pack.
- Attend a mandatory panel interview. The interview panel will be made up of representatives of the Board of Directors, representatives of the Member Council and will be chaired by an independent third party (see below for more information on the interview process). Following the interview, the panel may choose to remove candidates from the process under Rule 24.5 on the basis that the candidates have not demonstrated the required capabilities to serve on the Board of Directors.

Candidates who will be aged 70 or over at the time of the election must be approved by the Board as eligible to stand for election in accordance with Rule 24.1.1.

The Board election is carried out via Direct Member Voting, a ballot of all Society members. The results are announced at the Society's Annual Conference, held in June each year.

### The interview process

Questions in the interview process will be competency-based using the Benenden Health Values and the Competency Framework for the Board of Directors as a basis and focusing on the following areas:

- Leadership
- Strategic thinking
- Communication and influencing
- Decision making
- Interaction with others
- Society values
- Team working
- Business awareness

The interviews will also test each candidate's motivation for standing, their suitability for the role and any issues in relation to time commitments and potential conflicts of interest. The questions will be designed to seek a depth of response to bring out tangible examples demonstrating a candidate's level of competence and whether they would contribute significant value at Board level.

### **ADDITIONAL INFORMATION**

In assessing whether to nominate themselves for election, potential candidates are asked to consider:

- Whether they have an appropriate level of competence.
- Their previous experience of similar responsibilities, their record in performing them and, where appropriate, whether the candidate has relevant qualifications and training.
- Their ability to bring informed, independent judgement to bear on the issues considered by the Board. Candidates should be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Potential candidates are also asked to consider:

- the core competencies for Directors;
- the issue of diversity; and
- the skills identified by the PRA/FCA in relation to non-executive board members, namely:
  - Market knowledge – awareness and understanding of the wider business, economic and market environment in which the firm operates.
  - Business Strategy and model – awareness and understanding of the firm's business strategy and model appropriate to the role.
  - Risk management and control – the ability to identify, assess, monitor, control and mitigate risks to the firm. An awareness and understanding of the main risks facing the firm and the role the individual plays in managing them.
  - Financial analysis and controls – the ability to interpret the firm's financial information, identify key issues based on this information and put in place appropriate controls and measures.
  - Governance, oversight and controls – the ability to assess the effectiveness of the firm's arrangements to deliver effective governance, oversight and controls in the business and, if necessary, oversee changes in these areas.
  - Regulatory framework and requirements – awareness and understanding of the regulatory framework in which the firm operates, and the regulatory requirements and expectations relevant to non-executive directors.

Please note that candidates are not precluded from standing for election if they do not have skills and expertise in these areas.

## ROLE OF DIRECTORS

### Collective Responsibilities

All Non-Executive Directors share responsibility for:

- Oversight and monitoring of the Chief Executive in their delegated responsibility for the conduct of the business;
- Taking external professional advice when this is deemed appropriate or necessary by the Chief Executive or when the Board considers that taking external advice is necessary to discharge their responsibilities.
- Appointing the Chief Executive
- Taking all reasonable steps to secure that the Chief Executive has the requisite knowledge and experience to discharge the functions of that office.

All Directors (including Executive Directors) share responsibility for:

- Ensuring that the affairs of the Society are conducted in compliance with statutes and the PRA & FCA Principles for Businesses and accepted standards of best practice.
- Defining the strategy and objectives of the Society and setting the Business Plan.
- Approving budgets necessary to achieve these objectives and approving forecasts.
- Setting corporate policy, including risk management strategy and risk appetite.
- Monitoring the Society's performance in relation to agreed plans, objectives, budgets etc.
- The effective working of the Board.
- Ensuring all criteria of prudent management are met and all statutory returns, including the provision of information, where requested, are provided within the relevant timescales.
- Appointing a Chair from among the Board-Nominated Directors.
- Approving the annual accounts and laying copies of those accounts, the report of the Board for that year and the auditors' report on those accounts before the Society at the Annual Conference.

### Individual Responsibilities

Each Director (including Executive Directors) accepts responsibility to:

- Support the values and objectives of the Board and Society, adhering to the Society's Code of Conduct for Senior Managers.
- Support all Board and Society policies.
- Be a member of Board Committees and boards of controlled bodies as required.
- Contribute to decision-making using individual skills and experience but sharing responsibility for all Board decisions.
- Maintain a constructive relationship with Society employees.
- Attend at least 75% of Board meetings and relevant Board Committee and board meetings, having previously read all relevant papers.
- Take ownership of their individual training and development needs, including attending any training sessions provided for Board members, in order to maintain their competence in accordance with PRA & FCA requirements.
- Register immediately any conflict of interest bearing on the work of the Society.
- Represent the Society positively to all external gatherings.
- Contribute to the workings of the Society by using specific individual skills through liaison with the Chief Executive.

## COMPETENCY FRAMEWORK FOR THE BOARD OF DIRECTORS

| COMPETENCIES                  | DESCRIPTION   |
|-------------------------------|---|
| Leadership                    | <ul style="list-style-type: none"> <li>• I distinguish between what should be done by others and by myself;</li> <li>• I set challenging but achievable goals and standards of performance for myself and others;</li> <li>• I recognise when the Board needs to obtain advice from subject-matter experts, such as solicitors, investment specialists, HR or IT consultants.</li> </ul>  |
| Strategic thinking            | <ul style="list-style-type: none"> <li>• I am alert and responsive to the need for change;</li> <li>• I generate and recognise imaginative solutions and innovations;</li> <li>• I am able to imagine the possible characteristics of the organisation in a future environment;</li> <li>• I am aware of the organisation's strengths and weaknesses and of the likely impact of Board decisions on them.</li> </ul>  |
| Communication and influencing | <ul style="list-style-type: none"> <li>• I encourage and listen;</li> <li>• I am frank and open when communicating;</li> <li>• I am willing to admit my errors and shortcomings;</li> <li>• I speak clearly and audibly, avoiding jargon and pitching the content to the audience's needs;</li> <li>• I convey ideas and image with clarity and in a memorable way;</li> <li>• I invite and accept feedback.</li> </ul>   |
| Decision Making               | <ul style="list-style-type: none"> <li>• I am capable of rational analysis and interpretation;</li> <li>• I probe for the facts and challenges assumptions;</li> <li>• I identify advantages and disadvantages of proposals, and provide counter-arguments;</li> <li>• I insist that sufficiently detailed and reliable information is considered, evaluated and tabled;</li> <li>• I seek out all relevant information appropriate to the decision from a variety of sources;</li> <li>• I show a readiness to take decisions and take action in the time-frame needed.</li> </ul> |
| Interaction with Others       | <ul style="list-style-type: none"> <li>• I am aware of my own strengths and weaknesses;</li> <li>• I have a strong, positive presence on first meeting;</li> <li>• I have authority and credibility;</li> <li>• I establish rapport quickly;</li> <li>• I seek and acquire new knowledge, including Board experience;</li> <li>• I inspire others to achieve goals by ensuring a clear understanding of what needs to be achieved.</li> </ul>   |
| Society values*               | <ul style="list-style-type: none"> <li>• I demonstrate the Society's values: Be Caring; Be Connected; Be Smart; and Be Brave.</li> </ul>  |
| Team working                  | <ul style="list-style-type: none"> <li>• I prepare adequately for meetings and demonstrate commitment to the work of the Board;</li> <li>• I challenge but also accepts consensus decisions.</li> </ul>   |

\*see overleaf for more details

| BUSINESS AWARENESS                                  | DESCRIPTION   |
|---|---|
| Conduct and Culture                                 | <ul style="list-style-type: none"> <li>• I understand the Board's responsibility for Conduct Risk;</li> <li>• I am able to demonstrate the way in which the Board considers the impact of all business decisions on the fair treatment of members;</li> <li>• I am able to articulate the way in which purpose, values, strategy and business model can be aligned.</li> </ul>  |
| Strategy and Planning                               | <ul style="list-style-type: none"> <li>• I understand the Society's business model and that of its subsidiaries;</li> <li>• I am able to articulate and challenge business plans of the Society and its subsidiaries;</li> <li>• I understand how business plans link to wider Group activities/strategy, and what risks and/or opportunities have been created/mitigated.</li> </ul>   |
| Risk appetite, risk management and internal control | <ul style="list-style-type: none"> <li>• I understand the main risks facing the Society and the role the Board plays in managing them;</li> <li>• I am able to articulate the Society's Risk Management Framework, including its agreed risk appetite;</li> <li>• I have knowledge of the key risks to the financial services sector and the wider competitive environment, including potential impact on the Society and its partners/outsourced suppliers.</li> </ul>   |
| Financial Performance and Analysis                  | <ul style="list-style-type: none"> <li>• I understand the key principles of financial management and accounting;</li> <li>• I am able to read and interpret financial statements;</li> <li>• I am able to identify and challenge the top financial issues and risks to the business.</li> </ul>   |
| Governance, oversight and controls                  | <ul style="list-style-type: none"> <li>• I understand the Society's corporate structure and Corporate Governance Framework, including constitutional documents, delegated authorities and arrangements for oversight of subsidiaries;</li> <li>• I am able to articulate the principles of good governance, based on best practice in relevant Corporate Governance Codes;</li> <li>• I am able to understand the Society's control framework and assess the effectiveness of the Society's governance arrangements.</li> </ul>   |
| Regulatory framework and requirements               | <ul style="list-style-type: none"> <li>• I am able to articulate the key regulations that apply to the Society and its regulated financial services subsidiaries, including the categorisation of the Society as a Small Non-Directive Firm;</li> <li>• I understand the PRA/FCA expectations of governance, including: The FCA's Principles for Business; the PRA's Fundamental Rules; Threshold Conditions; and the Senior Managers &amp; Certification Regime, including Code of Conduct expectations;</li> <li>• I have a high-level understanding of the CQC regulatory environment and the requirements of the Charity Commission.</li> </ul> |
| Market Knowledge                                    | <ul style="list-style-type: none"> <li>• I understand the markets in which the Society and its subsidiaries operate.</li> </ul>   |
| Member and stakeholder engagement                   | <ul style="list-style-type: none"> <li>• I am able to foster effective stakeholder relationships aligned to an organisation's purpose;</li> <li>• I am able to effectively engage and communicate with key stakeholders.</li> </ul>   |

## OUR VALUES

Our values were defined by our people based on the principles of how we like to work here, and that's why we are so proud of them.

Our values and behaviours give us a common language and a framework to help us in our everyday business interactions, whether that's working with each other, designing strategies, liaising with suppliers, recruiting new talent or talking to our valuable members or carrying out any of our other day-to-day tasks.

Our values are the very essence of the Society and they define what makes us unique.

We ask every colleague to **Be Caring**, **Be Connected**, **Be Brave** and **Be Smart** every day so that we can continue to thrive over the years to come.

### Be Caring

- We know what we do matters
- We're proud and enjoy what we do
- We promote a culture of care, respect, compassion and wellbeing
- We protect the mutual ethos

### Be Connected

- We collaborate and share across teams, departments and our business
- We listen to understand each other and our members' needs
- We support one another by having open and honest conversations
- We recognise that we're stronger together

### Be Brave

- We embrace change
- We challenge and ask 'why' as well as 'why not'
- We always want to learn
- We are not afraid of trying new concepts and ideas

### Be Smart

- We approach problems with a solution mindset
- We actively seek to improve, be better and learn from our mistakes
- We spend members money wisely
- We're invested in the future of our business