

Salix Finance Ltd

Terms of Reference – Board

Document type	Terms of Reference
Purpose	Sets out how the Board operates, its role and its responsibilities
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TERMS OF REFERENCE FOR THE BOARD OF SALIX FINANCE LTD

1. INTRODUCTION

- 1.1. Salix Finance Ltd ('Salix') is a non-departmental public body and is an arm's-length body of the Department for Energy Security and Net Zero ('the Department'). A Framework Document has been agreed between the Department and Salix setting out in detail the respective roles and responsibilities of the Department and the Board.
- 1.2. The Board leads in respect of the overall strategic direction of the organisation, and provides monitoring and steering to ensure that Salix meets its objectives. The Board, through the Chair of the Board (the 'Chair') and in consultation with the Department, appoints the Chief Executive and holds them accountable. The Department designates the Chief Executive as the company's Accounting Officer (AO) and ensures that they are fully aware of their responsibilities, with the Board also supporting the Chief Executive in their discharge of their roles.

2. MEMBERSHIP

- 2.1. The members of the Board are:

Non-executive members

- the Chair; and
- other non-executive Board members (currently four), and
- the Department's Shareholder Representative Director.

Executive members

- the Chief Executive and Accounting Officer; and
- the Director of Finance and Resources.

- 2.2. The Board will comprise as a minimum six members, and up to a maximum of 10 members. Salix shall ensure that non-executive members will always be in the majority on the Board.
- 2.3. The Chair and non-executive members are appointed by the Secretary of State for the Department (the 'Secretary of State'). Appointments should reflect the diversity of our society, and the need for boards to include a balance of skills, experience and backgrounds.
- 2.4. The Secretary of State may remove a member of the Board by way of notice in writing in accordance with the Member's Terms of Appointment.
- 2.5. All appointments of non-executive members of the Board shall be for a period of up to three years, which may be extended for a single further

period of up to three years. Appointments may be made on an interim basis.

- 2.6. The Secretary of State may appoint observers to the Board. Any observers appointed will participate in discussions, serving an advisory and monitoring role. They will not have voting rights or fiduciary duties.
- 2.7. The Board shall operate in accordance with the [Code of Good Practice for Corporate Governance](#).
- 2.8. The Board will be chaired by the Chair. In the absence of the Chair, Board members will select a non-executive member to serve as the Chair of the meeting.
- 2.9. The Board will be provided with a secretariat function by the Governance team or a nominee. The Company Secretary shall serve as Secretary to the Board.
- 2.10. Only members of the Board have the right to attend Board meetings. However, with the consent of the Chair, the following may be invited to attend meetings of the Board:
 - members of the Salix Executive Leadership Team;
 - Non-Member Representative(s) of the Department; and
 - any other observer agreed by the Board.

3. DELEGATION

- 3.1 The Board may delegate any powers conferred on them to any individual or committee on such terms and to the extent that they see fit. Delegations shall be reviewed at least every 12 months from the date they were granted.

4. COMMITTEES

- 4.1 Where powers are delegated to Board committees, the Board will remain ultimately responsible for the acts of its committees.
- 4.2 There are currently two sub-committees made up from members of the Board: (1) the Audit and Risk Assurance Committee ('ARAC') and (2) the People and Remuneration Committee ('RemCo').

- 4.3 Chairs of Board Committees will be non-executive members, usually selected by the Board Chair in consultation with The Department¹.
- 4.4 Committee members shall be selected by the Committee Chair in consultation with the Board and formally appointed by the Board. The Committee Chair shall provide advice on the skills required from candidates. A letter of appointment issued by the Committee Chair will set out responsibilities and expectations of those appointed.

5. REPORTING

- 5.1. The minutes of each Board meeting will be made available to the Chair, who is asked to agree the minutes before these are presented to the Board for approval at the following meeting.
- 5.2. The minutes of Board meetings will be published on the Salix website as soon as reasonably practicable following approval of the minutes by the Board. Confidential discussions/information will be omitted from the published minutes.
- 5.3. The Board will approve the Salix Annual Report and Accounts. The signed document will be lodged in the libraries of both Houses of Parliament.

6. RESPONSIBILITIES

- 6.1. The Board's responsibilities are:
 - 6.1.1. Setting the strategic direction and outcomes for Salix in the Salix Corporate Plan (within a policy and resources framework agreed with Ministers).
 - 6.1.2. Monitoring the performance of Salix against the objectives, Key Performance Indicators and deliverables in the Salix Corporate Plan and Salix Annual Business Plan
 - 6.1.3. Providing effective leadership for Salix within a framework of effective controls which enables risk to be assessed and managed, and agreeing the risk appetite.
 - 6.1.4. Ensuring that there is an effective governance, internal control and compliance framework in place.

¹ Consultation with the Department is required as some chair roles may attract an enhanced fee or variation of terms.

- 6.1.5 Ensuring that financial and human resources are in place for Salix to meet its objectives.
 - 6.1.6 Ensuring that the Board receives and reviews regular financial and management information.
 - 6.1.7 Ensuring that Salix complies with all statutory and administrative requirements on the use of public funds.
 - 6.1.8 Ensuring that the Board operates within the limits of any delegated authority letter agreed with the Department.
 - 6.1.9 Ensuring that in reaching decisions, the Board takes into account guidance issued by the Department.
 - 6.1.10 Appointing the Chief Executive in consultation with the Department.
 - 6.1.11 Contributing to the annual evaluation of the performance of the Chair, to be led by the Department.
 - 6.1.12 Establishing a publicly accessible register to list the interests of the Board members.
 - 6.1.13 Determining all such other things which the Board considers ancillary or conducive to Salix achieving its objectives.
- 6.2 The Chief Executive is accountable to the Board, and shall ensure that the Board is kept informed of any changes which are likely to impact on Salix's strategic direction or on the attainability of its targets. The Board shall establish the steps that need to be taken to deal with those changes. Where appropriate, the Board, via the Chair, shall bring those matters to the attention of the Secretary of State or the Principal Accounting Officer.
- 6.3 The Board will formally approve the following:
- 6.3.1 Corporate Plan/Strategy
 - 6.3.2 Annual Business Plan and budget
 - 6.3.3 Annual Report and Accounts, including the governance statement
 - 6.3.4 Scheme of Delegation
 - 6.3.5 Risk Appetite Statement
 - 6.3.6 Procurement spend above £5 million.

6.3.7 Additional documentation as and when required.

6.4 The Chair's responsibilities in relation to the Board can be found in the Framework Document.

6.5 The Chair will formally review the effectiveness of the Board and its members on an annual basis, as set out in the [Corporate governance in central government departments: code of good practice](#) and the [UK Corporate Governance Code 2024](#). An externally facilitated Board evaluation shall be conducted at least every three years.

7. MEETINGS

7.1 The Board will meet at least six times a year. The Chair may convene additional meetings as they deem necessary and any director can call a board meeting, under article 13.1 of Salix's Articles of Association.

7.2 A minimum of three members, consisting of the following, must be present for the meeting to be deemed quorate:

7.2.1 One executive member (who must be the Chief Executive if the Chair is not present); and

7.2.2. Two non-executive members (one of whom must be the Chair if the Chief Executive is not present).

7.3 The Board may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

7.4 The Board may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters. Similarly, non-executive members of the Board may choose to discuss matters in the absence of executive Board members and other company officers.

8. INFORMATION REQUIREMENTS

8.1 For each meeting the Board will be provided with (a week in advance in the case of any written report) as follows:

8.1.1 The Chief Executive's Report

8.1.2 The Corporate Risk Register

8.1.3 Scheme Performance Reports

8.1.4 Operational Performance Reports

8.2 As and when appropriate the Board will also be provided with:

- 8.2.1 Proposals for terms of reference for various committees/groups
- 8.2.2 The draft Annual Business Plan and budget and appendices
- 8.2.3 The draft Corporate Plan
- 8.2.4 The draft Scheme of Delegation
- 8.2.5. Key performance indicators
- 8.2.6 The Annual Complaints Report
- 8.2.7 Annual Equality, Diversity and Inclusion Reports
- 8.2.8 The Annual Chair's Objectives Letter issued by the Department
- 8.2.9 The Delegated Authority Letter issued by the Department
- 8.2.10 Policy documentation requiring the Board's approval, such as the Internal Audit Charter
- 8.2.11 Any other appropriate information/documentation.

9 DECISION MAKING

- 9.1 Subject to the provisions of the company's Articles of Association, decisions by the Board are normally made by consensus. The Board must keep the [Directors Salix Code of Conduct](#) in mind when taking actions and making decisions.
- 9.2 Decisions made by the majority of Board members will be considered as if made by the whole group. Decisions and actions will be recorded in the minutes of the meeting. While the Board may use committees to assist its consideration with regards to audit and risk assurance, and people and remuneration, the Board retains responsibility for, and endorses, final decisions in these areas.
- 9.3 Where a disagreement arises between the relevant committee and the Board, adequate time should be made available for discussion of the issue, with a view to resolving the disagreement. Where a disagreement cannot be resolved, the committee concerned should have the right to report the issue to the Department's Sponsor Team, the Principal Accounting Officer and the Secretary of State. They may also seek to ensure that the

disagreement or concern is reflected as part of the report on its activities in the Salix Annual Report.

10. DECLARATION OF INTEREST

10.1 If a member of the Board has a personal interest in any agenda item, they should notify the Chair (or Chief Executive or Head of Governance/Company Secretary in the case of the Chair having a personal interest) in advance of the meeting and declare the nature of the interest at the meeting before the matter is discussed.

10.2 In accordance with the [Cabinet Office Code of Conduct for Board Members of Public Bodies](#), the Chair (or Chief Executive in the event of the conflict arising in respect of the Chair) will decide whether the Board member may remain present at the meeting for the discussion on that item and any decision taken. The minutes of the meeting should record the declaration of interest, its nature and whether the individual concerned left the room for the discussion.

10.3 Salix's main conduct policies that apply to Board members are:

- Directors' Code of Conduct;
- Declarations and Conflicts of Interest Policy;
- Gifts and Hospitality Policy

Further guidance on standards of conduct expected of Board members of public bodies is listed in Annex A of [Salix's Framework Agreement](#) with The Department. Advice should be sought from the Company Secretary or Governance Team in the event of any queries about the applicability of these policies and guidance.

11. MEDIA ENGAGEMENT

11.1 Non executive members are not empowered to speak on behalf of Salix in their engagement with the media (including social media).

12. REVIEW

12.1 These Terms of Reference are to be reviewed annually or earlier in the event of relevant legal, regulatory or operational change.