Minutes of the 213th meeting of the Directors of the Company held at 3 Piccadilly Place, Manchester M1 3BN on 28 July 2026

Present:
Baroness Natalie Evans (NE) – Board Chair
Tracy Vegro OBE (TV) – Non-Executive Director and Chair of People and Remuneration Committee
Alison Jeffers (AJe) – Non-Executive Director and Chair of Audit and Risk Assurance Committee
David Conroy (DC) – Non-Executive Director
Claire Davies (CD) – Non-Executive Director
Kevin Holland (KH) – Interim Chief Executive Officer and Accounting Officer
Andy Gillies (AG) – Interim Director of Finance and Resources

Attending:
Clare Dalton (CDa) – Sponsorship team, Department for Energy Security and Net Zero (DESNZ) (observer) (virtually)
Aman Johal (ASJ) – Governance Officer (minutes)

QUORUM

A quorum being present, NE declared the meeting open.

1. WELCOME, INTRODUCTION, APOLOGIES AND DECLARATIONS OF INTERESTS

The Chair welcomed all to the meeting. Apologies were received from Andrew Jones (AJo) (Shareholder Representative Director, DESNZ). CDa, representing DESNZ on AJo's behalf, was welcomed as an observer. There were no declarations of interest.

PART 1: PAPERS FOR CONSIDERATION AND/OR APPROVAL

2. MINUTES AND UPDATE ON ACTION ITEMS

The Board formally agreed the minutes of the meeting of 28 May 2026 as a final record (the content having been agreed within seven days of distribution).

The Board noted the action log, and that all actions had been closed.

3. CEO REPORT AND OVERVIEW

The Board noted and discussed the Chief Executive's update paper, in particular:

- Andy Burnham is the new Prime Minister and has appointed his Cabinet. Miatta Fahnbulleh has been appointed as new Secretary of State for DESNZ. Salix is familiar

with Mrs Fahnbulleh through her previous role as a junior minister at DESNZ. Management will share an update with the Board on the Secretary of State's top priorities once confirmed.
- DESNZ Integrated Corporate Services ('ICS') is the main support organisation for DESNZ and the Department for Science, Innovation and Technology ('DSIT'). As part of the machinery of government change, DSIT is being disaggregated. The change is anticipated to result in disruption in IT support and resources for DESNZ, which is likely to have a knock-on effect for Salix.
- A suitable candidate has been identified for the soon to be vacant Director of Finance and Resources role. The appointment remains to be confirmed.
- In response to a query from the Board on the low number of applications for Digarbon Phase 3, KH explained that the reduced demand was likely partially due to additional funding available from Welsh government in March for Digarbon 2+.

4. UPDATE, OBSERVATIONS AND ACTIONS FOLLOWING AUDIT AND RISK ASSURANCE COMMITTEE MEETING OF 11 JUNE 2026

The Chair of the Audit and Risk Assurance Committee (ARAC), AJe, presented a paper updating the Board following the ARAC meeting on 11 June. Key matters that had been discussed/dealt with by ARAC included:

- Progress update on the NAO's FY 2025-26 audit. Management will seek a letter of comfort from DESNZ prior to the September ARAC meeting.
- Some minor comments on the draft Annual Report and Accounts FY 2025-26 ('ARA').
- Rationale for the initial going concern assessment, with alternative wording ready for the ARA depending on the final assessment in September.
- The Head of Internal Audit's annual opinion.
- Agreeing its annual report to the Board for approval (see 4.1).
- Agreeing to recommend the updated Internal Audit Charter to the Board for approval (see item 4.2).
- Approving the updated (1) Internal Audit Plan FY 2026-27, (2) Internal Audit Strategy and (3) Delegation of Financial Authority.
- Challenging some risks flagged as 'uncontrollable' in the risk management report, and asking that there be clear owners and target dates to bring risks within appetite.

4.1 2025-26 Annual Report of ARAC to the Board

The Board received ARAC's annual report, being an extract from the governance statement in the draft ARA, highlighting the Committee's work over the year. As recommended by ARAC at its June meeting, the Board **APPROVED** the report.

4.2 Updated Internal Audit Charter - annual Board approval

The Board received and **APPROVED** the updated Internal Audit charter, as recommended by ARAC at its June meeting.

5. UPDATE, OBSERVATIONS AND ACTIONS FOLLOWING PEOPLE AND REMUNERATION COMMITTEE MEETING OF 17 JUNE 2026

The Chair of the People and Remuneration Committee, TV, gave the Board a verbal update on the Committee's meeting of 17 June. Key matters that had been discussed/dealt with by Committee included:

- An update from Gemma Gregory, Director of Organisational Design and People, on Salix's proposed FY 2026-27 Pay Remit submission, which was in line with Civil Service guidance (staying within a 3.5% increase to the overall pay pot), and was endorsed by the Committee. The submission has since been approved, which will result in a 3% pay increase for all eligible employees, and those at the top and bottom of salary bands moving upward by 1%. Staff will be informed at the Salix town hall meeting on 29 July.
- The employee engagement survey results, which were positive overall, and an overview of the key actions being taken.
- Ongoing market testing and recruitment for the Head of Governance/Company Secretary role.

6. BOARD EFFECTIVENESS REVIEW DRAFT REPORT

The Board was asked to review the draft Board effectiveness review report, and input on the proposed recommendations. It was noted that scores across all themes had improved compared to the 2025 review, with only five of the thirty questions scoring lower than last year. The proposed recommendations had been drawn from the scores and the text comments.

The Board made the following points:

- There was a lack of clear timelines for implementing recommendations.

Action: Management to add anticipated timeframes to the recommendations in the next iteration of the report and/or recommendations tracker. (AG)

- The two-day target for preparation of initial draft Board minutes (part of recommendation 3.4 (h)) is ambitious, but appreciated it was an aspiration, not a hard deadline. The NEDs asked that the second part of the recommendation, draft minutes being shared with the Chair to lock rather than full Board distribution, be removed. While full member review takes longer, the Board is keen to input at the draft stage and considered it a point of good governance. Management agreed to remove this element of the recommendation.
- The Board queried the reference in recommendation 4.2 to playing a more visible role in reinforcing organisational culture, values and behaviours. It was clarified that the point was more about opportunities for Board members to engage directly with Salix staff.
- The NEDs suggested that the reference in recommendation 2.4(g), requesting comments 24 hours in advance of a meeting, should be removed. This would be appropriate where there is an involved item to discuss with a finite amount of time (for example the ARA), but the Board finds discussion and challenge in the meetings most beneficial. Management agreed to remove this element of the recommendation.

Action – Management to amend the report by removing the recommendations requested by the Board, and to send the updated version to NE for approval. (AG).

Once available, a light-touch recommendations tracker will be uploaded to the Admincontrol portal.

The Board asked that preparation for next year's review begin earlier, whilst noting that it is likely to be an external review.

7. FINANCE UPDATE AND SALIX BUDGET FY 2026-27

AG presented the finance and budget update to the Board. The Board noted an updated Delegated Authority Letter ('DAL') was received on Friday 24 July, which confirmed additional funding of £3m for Housing (SHDF closure and reconciliation work). This left a shortfall of a £1.5m against forecast costs.

In response to a query from the Board, KH gave some background on his experience with DALs during his time as Salix accounting officer, and the challenges of operating at risk due to delayed and insufficient DALs.

The Board noted ongoing difficulties faced by Salix in transitioning its new schemes to a new digital grants management platform (to be owned by DESNZ ICS and licenced to Salix). Each new piece of work is being commissioned though different third party providers, resulting in the need to retrain teams and complicating project delivery. Management would like more involvement from the DESNZ sponsorship team to expedite internal decisions and budget agreements. CDa confirmed that she would relay the point to AJo, and provided reassurance that work is ongoing to coordinate with relevant stakeholders and streamline internal decision-making.

The Board noted that the renewal of Salix's lease at 10 South Colonnade had been completed. This secures our current location until Sep 2027.

7.1 Period 3 Finance Report

The Board noted the update and addressed some of the main points as part of the above discussion.

8. NEXT BOARD MEETING IN YORK (29 SEPTEMBER)

The Board noted the proposed plans for the September Board meeting. This will be held at the University of York and will be followed by a tour of their geothermal project. All Board members confirmed that they can attend the September meeting/site visit.

The Board noted that NE has written to David Thomas (Interim Director General, Net Zero Buildings and Industry, DESNZ) inviting him to a future board meeting, with confirmation pending.

This was AG's final Board meeting, and the Board thanked him for all his work and contributions during his time at Salix.

PART 2: PAPERS FOR NOTING

9. DELIVERY SCHEMES OVERVIEW

9.1 Public Sector Schemes Update

The Board noted the Public Sector Schemes Update paper.

9.2 Housing Schemes and Audits Update

The Board noted the Housing Schemes and Audits Update paper.

9.3 New Opportunities and Development Update

The Board noted the New Opportunities and Development update paper.

10. RISK MANAGEMENT UPDATE AND CORPORATE RISK REGISTER

The Board noted this update.

11. COMMUNICATIONS MONTHLY UPDATE

The Board noted the Communications Monthly Update.

12. KEY MEETINGS CALENDAR AND BOARD SCHEDULE OF BUSINESS

The Board noted the current calendar and schedules of business for the current financial year.

13. AOB

The Board noted that the existing Management Liability Insurance (including Directors' and Officers' liability cover) expires on 6 October, and that work is underway to renew this.

14. CLOSED SESSION OF NON-EXECUTIVE BOARD MEMBERS

The non-executive members of the Board had a discussion in the absence of all other officers.

DATE OF THE NEXT BOARD MEETING

The next scheduled meeting of the Board is on 29 September 2026 to be held at the University of York.

Baroness Evans of Bowes Park
Chair

29 September 2026
Date