



# **OSB GROUP PLC (the Company)**

## **Terms of Reference and Matters Reserved to the Board**

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### **1. OBJECTIVES**

- 1.1 The Company's Board (the Board) sets the aims, objectives and strategy of the Company and its subsidiaries (the Group). It is the Board's responsibility to ensure that the necessary financial and non-financial resources are in place to enable the Company to meet those objectives and review the performance of the Company and its management against those objectives. The Board is also responsible for setting the tone from the top in relation to conduct, culture and values (the Purpose, Vision and Values) and for ensuring continuing commitment to delivering good customer outcomes, treating customers fairly, promoting the long-term sustainable success of the Company and preventing financial crime within the business.

### **2. CONSTITUTION, MEMBERSHIP AND QUORUM**

- 2.1. The Board is chaired by the Chairman, who is appointed by the Board and should be independent on appointment.
- 2.2. The Board shall consist of a minimum of two Directors of the Company (Directors) and a maximum of 15 Directors. At least half of the Directors (excluding the Chairman) must be independent.
- 2.3. One of the independent Directors shall be appointed as Senior Independent Director.
- 2.4. Unless otherwise determined by the Directors, two Directors shall constitute a quorum, provided that the holders of a majority of the Company's shares may give notice to the Company in writing that one or more named Directors is/are required to be present for there to be a valid quorum (unless all such Directors have consented in writing to the meeting being held without them).

### **3. SECRETARY**

- 3.1. The Company Secretary shall act as the Secretary to the Board and will ensure that the Board receives information and papers in a timely manner to enable full and proper consideration of the given issues.
- 3.2. Subject to applicable law and regulation, the appointment and removal of the Company Secretary shall be a matter for the Board.

### **4. VOTING ARRANGEMENTS**

- 4.1 Each Director shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by Directors attending a Board meeting (whether in person or by audio or video conference).
- 4.2 If a matter that is considered by the Board is one where a Director (either directly or indirectly) has a personal interest, that Director shall not be permitted to vote on that matter.
- 4.3 Except where he has a personal interest, where there is an equality of votes, the Chairman of the Board meeting shall have a casting vote.

### **5. FREQUENCY OF MEETINGS**

- 5.1 The Board shall meet at least six (6) times each year, normally bi-monthly or more frequently if otherwise required.

## 6. NOTICE AND MINUTES

- 6.1. The Secretary will normally distribute the agenda and papers for meetings at least five (5) days before the meeting.
- 6.2. The Secretary shall minute the proceedings and decisions of all meetings of the Board, including recording the names of those present and in attendance.
- 6.3. Draft minutes of the meeting will be distributed promptly to the Chairman. Once approved, minutes should be distributed to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairman.

## 7. AUTHORITY

- 7.1. Other than matters reserved to the shareholders of the Company, the Board has the delegated authority from the shareholders to manage all matters relating to the business of the Company.
- 7.2. Any Company matters that are not reserved to the shareholders, the Board or any of the Board's Committees (via their terms of reference) are delegated to the Chief Executive Officer in his/her responsibility for the day-to-day management of the Company.

## 8. OTHER

The Board shall review these terms at least annually.

## 9. MATTERS RESERVED TO THE BOARD

### 9.1 Strategy and Management

#### 9.1.1 Strategy

Approval of the long term objectives and commercial strategy of the Group (taken as a whole) and the Company.

#### 9.1.2 Budget

Approval of the annual operating and capital expenditure budgets of the Company and the subsidiaries of the Company (the Subsidiaries) and any material changes to the same.

#### 9.1.3 Oversight of Operations

Oversight of the operations of the Group (taken as a whole) and the Company ensuring

- competent and prudent management;
- sound planning;
- an adequate system of internal control;
- adequate accounting and other records; and
- compliance with statutory and regulatory obligations
- the delivery of good customer outcomes, fair value, avoiding foreseeable harm.

#### 9.1.4 Performance Review

Review of performance in light of the strategy, objectives, business plans and budgets of the Group (taken as a whole) and the Company and ensuring that any necessary corrective action is taken.

### 9.2 Group entity formation, dissolution and corporate matters

#### 9.2.1 Intra-Group re-organisation

Set-up, merger, consolidation, dissolution, recapitalisation of the Company and any Subsidiary.

CEO

Board

Chairman

Board

#### 9.2.2 *Acquisition of shares or equivalent interest in any other body corporate*

The acquisition or disposal of interests in any business or the making of any takeover, transfer or merger offer by the Company and, if material, any Subsidiary, unless otherwise delegated.

#### 9.2.3 *New subsidiaries*

Establishment of any new subsidiary undertaking or establishment of any branch outside of the UK where the Company or any Subsidiary is actively trading, save for shelf companies incorporated, established or acquired for the purpose of bids and tax planning.

#### 9.2.4 *Disposals*

Any material sale, transfer, lease, licence or any disposal of: any shares held by a member of the Group; or the whole or part of its business undertaking or assets, whether by a single transaction or series of transactions by the Company or any Subsidiary, other than as part of an intra-Group transaction.

#### 9.2.5 *Constitutional amendment*

Recommend any amendment of the Articles of Association or similar organisational document of any Subsidiary.

#### 9.2.6 *Company name change*

Making any alteration to the name of the Company or of any Subsidiary, other than where such change is for a non-operating entity, including new incorporations).

#### 9.2.7 *Winding up/Liquidation*

Recommending the passage or placement of the Company or any material Subsidiary into liquidation, winding-up or other administration save where the entity is non-trading or dormant.

#### 9.2.8 *Capital Structure and Debt Securities*

- Issue, redemption or repurchase by the Company or any Subsidiary of any equity securities or any warrants, rights, options, employee share structure or other security, other than in the ordinary course of business
- Purchase or redemption of any of the shares of the Company or any Subsidiary or entry into any arrangement for the same.
- Entry into or creation of any agreement, arrangement or obligation requiring or granting any option or right to require the creation, allotment, issue or transfer of any shares in the capital of the Company or any Subsidiary or securities convertible into shares (other than in either case to the Company or a Subsidiary).
- Material changes by the Company or any Subsidiary relating to the Group's capital structure and debt securities including any reduction of capital, share issues (except under employee share plans), share buybacks including the use of treasury shares, redemption or issue of debt

#### 9.2.9 *Structure*

- Major changes to the Group's corporate structure by the Company or any Subsidiary.
- Major changes to the Group's management and control structure, by the Company or any Subsidiary.

### 9.3 **Governance**

#### 9.3.1 *Terms of Reference - Board and its Committees*

The creation, amendment and annual review of any Terms of Reference for the Board or any terms of reference for any Committee reporting to the Board.



### 9.3.2 *Board Meeting Minutes*

The approval of relevant Board meeting minutes of the Company. Minutes of any Subsidiary may also be presented to the Board for information, but will not require approval by the Board.

### 9.3.3 *Board Committees*

Approval of the establishment of any new, or disbanding of any existing, Committees of the Board including appointing the Chairs and members.

### 9.3.4 *Nature of business*

Make or permit any substantial alteration (including cessation) to the general nature of the business carried on or proposed to be carried on by the Group (taken as a whole) and the Company.

### 9.3.5 *New geographical location*

Extension of the Group's activities and the activities of the Company, into new business or geographic areas.

### 9.3.6 *Company's listing*

Any changes to the Company's listing or its status as a public limited company.

### 9.3.7 *Resolutions*

Approval of resolutions and corresponding documentation of the Company to be put forward to shareholders at a general meeting of the Company.

### 9.3.8 *Circulars and Prospectuses*

Approval of all circulars, prospectuses and listing particulars of the Company unless the document to be approved has no unusual features

### 9.3.9 *Announcements*

Approval of announcements concerning matters reserved to the Board.

### 9.3.10 *Political Donations*

Making of political donations by the Company

### 9.3.11 *Division of Responsibilities*

The division of responsibilities between the Chairman, the Chief Executive Officer and other Executive Directors of the Company.

### 9.3.12 *Board Committee Reports*

Receiving reports from Board Committees on their activities.

### 9.3.13 *Board and Committee Effectiveness*

Undertaking a formal and rigorous review annually of the Board's own performance, that of its Committees and individual Directors

### 9.3.14 *Independence of Directors*

Determining the independence of Directors of the Company following recommendations from the Group Nomination and Governance Committee.

### 9.3.15 *Balance of Interests*

Considering the balance of interests between the shareholders, employees and customers of the Company and the community

### 9.3.16 *Corporate Governance Arrangements*

Review of the Company's overall corporate governance arrangements and review of the Group's overall corporate governance arrangements with a view to making recommendations in respect of the same.

### 9.3.17 *Board-level Policies*

Approval of any changes and at least annual review and re-affirmation of all Board-level Policies (excluding Policies overseen by a Board Committee).

### 9.3.18 *Insurance*

Oversight of the overall levels of insurance for the Group including Directors' & Officers' liability insurance and indemnification of Directors upon recommendation from the Chief Executive Officer.

## 9.4 **Finance**

### 9.4.1 *Financial Reporting*

Approval of the half-year or annual report and accounts including the corporate governance statement and remuneration report, trading updates and any interim or preliminary announcement of final results of the Group.

### 9.4.2 *Auditors*

Appoint or remove the Company's and the Group's auditors or any other professional advisors of the Company and the Group (other than for material regulated subsidiaries) (excludes re-appointment of the Group's existing auditors).

### 9.4.3 *Accounting Policy*

Approval of significant changes of the Company's and the Group's, accounting policy, based on recommendation of the Group Audit Committee.

### 9.4.4 *Charges, Liens or Mortgages*

The creation, causation or permission to create or to exist any mortgage, charge, lien (other than in the ordinary course of business) or other encumbrance whatsoever over the whole or any material part of the undertakings, property or assets of the Company and the creation, causation or permission to create or to exist any mortgage, charge, lien (other than in the ordinary course of business) or other encumbrance whatsoever over the whole or any material part of the undertakings, property or assets of any Subsidiary where this is material to the Group taken as a whole.

### 9.4.5 *Dividends*

- Payment, making of or declaration of any interim dividend or other distribution in respect of the Company's profits, assets or reserves (other than to a Subsidiary) or entry into any agreement for the same; and recommendation of any final dividend of the Company.
- Approval of the Company's dividend policy.

### 9.4.6 *Commercial borrowing or bond issue*

Entry into any commercial borrowing or bond issue agreement of the Company and/or any Subsidiary.

### 9.4.7 *Lending or Underwriting Transactions*

Entry into any underwriting transaction in excess of 20% of Common Equity Tier 1 of the Group for a single borrower or connected transaction.



## 9.5 Internal Controls and Risk Management

### 9.5.1 Risk Appetite

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

- approving the Company's and the Group's consolidated overall risk appetite, risk tolerance, key risk limits, risk strategy and risk control framework;
- receiving reports on and, reviewing the effectiveness of, the Company's and the Group's consolidated risk and control processes to support its strategy and objectives;
- undertaking an annual assessment of these processes; and
- approving an appropriate statement for inclusion in the annual report

### 9.5.2 Risk Appetite Policies and Statements

Approval of the Company's and the Group's consolidated:

- annual internal capital adequacy assessment process (ICAAP) and any periodic reassessments;
- annual internal liquidity adequacy assessment process (ILAAP) and any periodic reassessments);
- Risk Appetite Statement and any periodic reassessments;
- Recovery Plan;
- any document prescribed by the regulators relating to Operational Continuity in Resolution and Resolvability (which falls outside the remit of Board Committees).



## 9.6 Real Estate (Corporate)

### 9.6.1 Acquisition/Disposal

Acquisition or disposal of any freehold or leasehold property by the Company and/or any Subsidiary other than from or to a member of the Group (excludes customer properties).

### 9.6.2 Leasing

Entry into any leasehold in respect of real estate by the Company and/or any Subsidiary, other than from or to another member of the Group (excludes customer properties).

## 9.7 Employment (including appointments, benefits and compensatory matters)



### 9.7.1 Director/Board appointments

- Implementation of the appointment or removal of any Executive Director, Chairman or Non-Executive Director of the Company and recommendations in relation to the appointment or removal of any Executive Director, Chairman or Non-Executive Director of any Subsidiary, following recommendations from the Group Nomination and Governance Committee.
- Recommendation of appointments to, or removals from, boards or board committees of any Subsidiary as appropriate



### 9.7.2 Chairman of the Board

Selection of the Chairman of the Board and the Chief Executive Officer of the Company following recommendation from the Group Nomination and Governance Committee.



### 9.7.3 Chief Executive Officer

Selection of the Chairman of the Board and the Chief Executive Officer of the Company following recommendation from the Group Nomination and Governance Committee.



### 9.7.4 Senior Independent Director

Appointment of the Company's Senior Independent Director.

- Chair man Board 9.7.5 *Company Secretary*  
Appointment or removal of the Company Secretary.
- Chair man Board 9.7.6 *Structure, size and composition of Board*  
Changes to the structure, size and composition of the Board, following recommendations from the Group Nomination and Governance Committee.
- Chair man Board 9.7.7 *Succession Planning*  
Ensuring adequate succession planning for the Board, including Executive Directors.
- Chair man Board 9.7.8 *Continuation of Directors*  
Ensuring adequate succession planning for the Board, including Executive Directors.
- Chair man/ Rem Chair Board 9.7.9 *Remuneration*  
The introduction of new share incentives plans or major changes to existing plans, in respect of the Company and/or any Subsidiary, to be put to shareholders for approval.  
  
Determining the remuneration policy for the Executive Directors of the Company and any Subsidiary.  
  
Determining the remuneration policy for senior executives of the Company, senior executives of any Subsidiary and the Company Secretary.  
  
Determining the remuneration of the Non-Executive Directors, subject to the articles of association and shareholder approval as appropriate.
- Chair man Board 9.8 **Commercial (Portfolio Acquisitions, M&A activity and other related transactions)**
- 9.8.1 *Portfolio acquisitions*  
Acquisition of a portfolio above £80m by the Company and/or any Subsidiary.
- 9.8.2 *Secured funding lines*  
Secured funding lines above £80m by the Company and/or any Subsidiary.
- 9.8.3 *Joint ventures and Partnerships*  
Entry into any joint venture or partnership agreement or arrangement with any natural or legal person by the Company and/or any Subsidiary (other than a Subsidiary).
- 9.8.4 *M&A Acquisitions (Refer also to Section 9.1)*  
Undertaking of any merger, demerger, reconstruction or amalgamation of the Company and/or any Subsidiary or entry into any scheme of arrangement by the Company and/or any Subsidiary (other than the acquisition of special purpose vehicles as part of general portfolio acquisition).
- 9.8.5 *Arm's length transactions*  
Entry into any transaction of any nature whatsoever otherwise than by way of bargain on arm's length terms.
- 9.9 **Contracts (Any contract binding a the Company and/or any Subsidiary excluding employment agreements)**
- GCD Board 9.9.1 *Portfolio acquisition agreements*  
Entry into any portfolio acquisition by the Company and/or a Subsidiary with a purchase price in excess of £80m.

CEO Board 9.9.2 *Any contract or expense that does not fall into the above*

Entry into any contract with long-term or onerous provisions or which is unusual in nature under which the Company and/or a Subsidiary assumes material liability otherwise than in the ordinary course of business in excess of £5m in any single or connected series of transactions

Chair man Board 9.9.3 *Shareholder agreements or agreements with shareholders*

Entry into, or the termination or variation of any contract, agreement or arrangement with a Shareholder or related party of a Shareholder by the Company and/or any Subsidiary.

CEO Board 9.9.4 *Major capital and operating projects*

Major capital and operating projects for the Company and/or any Subsidiary in excess of £5m in any one or series of transactions.

CFO Board 9.9.5 *Balance-sheet or derivative exposure*

Any off balance-sheet or derivative exposure of the Company and/or any Subsidiary (except in accordance with counterparty limits or the ordinary course of liquidity and risk management activities in accordance with approved policies of the Group and the Company).

## 9.10 **Litigation and Regulatory**

GCCS Board 9.10.1 *Settlements*

Settling litigation via cash or asset value by the Company and/or any Subsidiary greater than £5m.

GAC Chair Board 9.10.2 *Whistleblowing (upon recommendation from Group Audit Committee)*

Oversight of Whistleblowing Policy and arrangements at the Group level and for the Company

CRO Board 9.10.3 *Variation of any permission to Financial Conduct Authority (FCA)/Prudential Regulation Authority (PRA) licence*

Any variation to the Company's or any Subsidiary's FCA or PRA permissions (including where the current FCA or PRA permission requires variation or a new permission is required in order to accommodate a new product or line of business of the Company and/or any Subsidiary).












CRO Board 9.10.4 *Any new regulatory licence*

Where the Company and/or any Subsidiary is required to obtain any new regulatory permission, licence or authorisation to comply with applicable legal regulatory or requirements.



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### Document key

<i>Symbol</i>	<i>Approving entity</i>	<i>Symbol</i>	<i>Accountable entity</i>
	Board		Chairman of the Board
	Chief Executive Officer		Chief Executive Officer
			Chief Financial Officer
			Group Commercial Director
			Group General Counsel and Company Secretary
			Group Nomination and Governance Committee
			Chair of Group Remuneration and People Committee
			Group Chief Risk Officer
			Chair of Group Audit Committee

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### Document control information

**Version** 1.1 **Owner** *Company Secretariat*

**Approved** by the Board on 6 February 2024

**Review Frequency** *Annually or as required for material amendments* **Next Review date** *February 2025*

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