

DF Capital Group

DF Capital Group (includes Distribution Finance Capital Holdings PLC and its operating subsidiary DF Capital Bank Limited)

Distribution Finance Capital Holdings plc

Terms of Reference

Version Control

Version	Change History	Revised by	Date
1.0	Annual review: minor clarifying and formatting amends and addition of control sheet.	T Maw/ MKhan	01/02/2023
1.0	Board approval		01/02/2023

Policy Owner:	Company Secretary
Accountable SMF Manager:	Chair
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Internal Stakeholders / Policy Reviewers:	CEO, Board
External Review (if applicable):	n/a
Approval Committee:	Board

DISTRIBUTION FINANCE CAPITAL HOLDINGS PLC**(THE "COMPANY")****THE BOARD****TERMS OF REFERENCE**

as adopted on 1 February 2023

1. The Board is constituted in accordance with the requirements of the Companies Act 2006 and, by extension, the Quoted Companies Alliance (QCA) Corporate Governance Code, for maintaining the Company's regulatory authorisations. These Terms of Reference should be read in conjunction with the Company's constitution which is defined within its Memorandum and Articles of Association.
2. The Board is accountable to the Company's stakeholders for the conduct of its business and ensuring this is undertaken in a prudent and effective manner.
3. The Board exercises its accountabilities through its own activities and through delegation of responsibilities to the Board and Executive Committees of DF Capital Bank Limited.

Members

4. The members of the Board for the time being shall be:

Company Chair	Chair
Senior Independent Director	Deputy Chair
Independent Non-Executive Directors	
Non-Executive Directors	
Chief Executive Officer	
Chief Financial Officer	

5. The following are requirements for membership of the Board:
 - 5.1 a minimum of 6 members;
 - 5.2 a minimum of two of the Non-Executive Directors shall be independent;
 - 5.3 all non-executive directors must be deemed 'fit and proper' to perform the non-executive director role upon appointment, and annually thereafter, by NomCo and RemCo.
 - 5.4 appointed on the recommendation of the NomCo and in consultation with the Chair of the Board; and
 - 5.5 the Chair and non-executive directors shall be appointed for a term of three years but shall be eligible for re-appointment subject to the proviso that any non-executive director who has served for more than nine years:
 1. shall be subject to annual re-appointment;
 2. is no longer deemed to be independent.

6. The following persons are invited to the Board by standing invite:

Company Secretary

7. Any other persons are invited to the Board by prior arrangement with the Chair of the Board (based on the subject of discussion).

Chair

8. The Chair of the Board shall be the Company Chair.
9. In the absence of the Chair or the Deputy Chair, the remaining members present shall elect one of themselves to chair the meeting.
10. The Chair shall be responsible for:
- 10.1 Reporting all decisions of the Board formally to the Board;
 - 10.2 setting the agenda for meetings, chairing those meetings and ensuring the effective operation of the Board;
 - 10.3 ensuring that the Board addresses all of the tasks delegated to it;
 - 10.4 maintaining a dialogue with key individuals involved in the Company's governance; and
 - 10.5 attending the Company's Annual General Meeting ("**AGM**") as necessary to respond to any shareholder questions on the Board and its activities and responsibilities.
11. The Board will allow sufficient time and resources for the Chair of the Board to deal with matters relating to the discharge of any individual responsibilities allocated to them under the Senior Managers Regime.

Secretary

12. The Company Secretary or their nominee shall act as Secretary of the Board.
13. The Secretary of the Board will be responsible for:
- 13.1 working with the Chair of the Board in setting the agenda for meetings;
 - 13.2 providing the Board with informational support;
 - 13.3 circulating at least 5 working days' notice of any meeting of the Board (although such notice period may be waived or shortened with the consent in writing of the Chair of the Board for the time being) to each member of the Board and any other person required to attend;
 - 13.4 in the notice of meeting, confirming the venue, time and date of the meeting;
 - 13.5 circulating supporting papers to Board members;
 - 13.6 taking minutes of Board meetings and all resolutions made, including the names of those present and in attendance;
 - 13.7 circulating minutes to all members of the Board.

Quorum

- 14.** The quorum for decisions of the Board shall be any 3 members (the majority of which shall be independent non-executive directors and one executive director).

OBJECTIVES

- 15.** The objectives of the Board are to:

Objective 1	Oversee and monitor current and future operating activities of the Group
Objective 2	Set from the top the 'culture and tone' to be cascaded by senior management through the Group relating to the conduct of its business
Objective 3	Receive and consider reports from the Board and Executive Committees of DF Capital Bank Limited.

ROLES/RESPONSIBILITIES

- 16.** The Board shall, on behalf of the Board and the shareholders of the Company:

Role/Responsibility	How this will be achieved
Review performance of the Group	Review in the context of an agreed Operating Plan and budgets
Work and liaise as necessary with all other Board committees	Review and approve (where appropriate) the reports and recommendations from Board sub-committees relating to development and maintenance of policies and other matters within those sub-committees' terms of reference (requiring the agreement of the Board)
Review the standard data & management information received by the Board, annually, to ensure it is adequate	Review the matters reserved for Board at least annually

PROCEDURE AND FREQUENCY OF MEETINGS

- 17.** Notwithstanding the quorum requirements for the Board, all members of the Board should endeavour to attend (either in person or by telephone) all meetings.
- 18.** Meetings of the Board
- 18.1** shall be held at least once a year and at such other times as the Chair of the Committee requires;
- 18.2** may be held by conference telephone; and
- 18.3** may be called by the Secretary of the Board at the request of any member of the Board.

- 19.** The Board shall:
- 19.1** have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
 - 19.2** be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - 19.3** investigate any activity within its terms of reference and seek directly any information it requires from any employee or contractor of the Company (all such persons being directed to co-operate with any such request by the Board); and
 - 19.4** obtain outside legal or other independent professional advice at the cost of the Company in accordance with the Company's agreed procedure under which Directors may obtain independent advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary (but such persons shall not be members of the Board).
- 20.** The Board shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

** Reference in these terms of reference to the “**Group**” means the Distribution Finance Capital Holdings plc and its subsidiaries*