

Board Terms of Reference	
<b>Date of approval</b>	February 2026
<b>Role</b>	<p>The Board of Directors is the overall governing body of Principality Building Society. The Board is responsible for the overall stewardship of the Society and its wholly owned subsidiaries.</p> <p>The principal functions of the Board are :</p> <ul style="list-style-type: none"> <li>• Reviewing and determining the Society's overall Purpose;</li> <li>• Setting the strategy for the organisation;</li> <li>• Monitoring performance against the approved short, medium and long term plans;</li> <li>• Approving Society's overall risk appetite;</li> <li>• Approving the short, medium and long term financial plans;</li> <li>• Approving the appointment of the CEO, CFO and CRO;</li> <li>• Approving the cultural and performance frameworks which underpin the Society's approach to colleagues, members, commercial partners and the wider community;</li> <li>• Ensuring that the organisation is managed with a view to balancing the short, medium and long term interests of the membership</li> <li>• Ensuring that the Society meets its regulatory and statutory duties including those related to good outcomes for customers;</li> <li>• Approving the overall governance structure of the Society; and</li> <li>• The Board has a general duty to ensure that the Society operates within the Society's Rules and Memorandum, rules and guidance issues competent authorities and all applicable laws.</li> </ul>
<b>Membership</b>	The Board shall comprise no fewer than seven members, and shall not exceed 14 members. The composition of the Board will include Executive and Non-Executive Directors with Non-Executive Directors always being in the majority. Members of the Board are appointed and re-appointed by the Board, upon the recommendation of the Governance and Nominations Committee and subject to the approval of the membership, where appropriate.
<b>Chair</b>	The Chair of the Board shall be the Chair of the Society as appointed by the Board and elected/re-elected by the membership at each Annual General Meeting. In the absence of the Chair at a Board meeting, the Senior Independent Non-Executive Director will chair the meeting. If the Chair and the Senior Independent Non-Executive Director are both absent from a meeting of the Board or both decline to act as Chair, the Non-Executive Directors present at that meeting shall appoint a Director to be Chair for the purposes of that meeting.
<b>Secretary</b>	The Secretary of the meeting will be agreed between the Chair of the Meeting and the Society Secretary.
<b>Attendees</b>	Only the Statutory Directors of the Society have the right to attend Board meetings. However, other individuals may be invited to attend for all or part of the meeting with the approval of the Chair of the meeting.
<b>Frequency</b>	The Board shall meet not less than four times per financial year.
<b>Quorum and Voting</b>	<p>Four members, at least two of which should be independent Non-Executive Directors. Subject to the approval of the Chair, all or any member of the Board may participate in the Board meeting, and be considered part of the quorum, by means of a conference call or any other communication method.</p> <p>Matters arising at a meeting shall be decided by a straight majority vote. In the case of a tie, the Chairman of the meeting shall have the casting vote.</p>
<b>Written Resolutions</b>	Written resolutions may be used in accordance with the Society's Rules.
<b>Meeting papers and minutes</b>	The Secretary shall circulate the Agenda and papers for each meeting no less than five working days in advance of the relevant meeting.

	<p>Minutes will record the proceedings, resolutions and decisions including recording the names of those present and in attendance and record any declarations of interest/conflicts of interest disclosed at meetings. The minutes of the meeting shall be approved at the next meeting.</p>
<b>Mandate</b>	<p>The Board may exercise all powers of the Society that are not, by the Statutes or by the Rules, required to be exercised by the Society in a General Meeting.</p> <p>The activities of the Board are set out in this document. This document should be read in conjunction with the Society's Rules and Board Composition Policy.</p>
<b>Sub Committees</b>	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Governance and Nominations Committee</li> <li>• Non-Executive Director Remuneration Committee</li> <li>• Remuneration Committee</li> <li>• Risk Committee</li> </ul>

	What	Matter	Frequency	Delegation to which committee:
<b>1</b>	<b>STRATEGY AND FINANCIAL</b>			
1.1	Approve and ongoing responsibility for execution	The Society's overall strategy purpose and values.	As necessary	No delegation
1.2	Approve	Short, Medium and Long Term Corporate Plans.	Minimum Annually	No delegation
1.3	Approve	All circulars, prospectuses and listing particulars which require approval by the Board.	As necessary	No delegation
1.4	Approve	Approval of: <ul style="list-style-type: none"> <li>Interim and final results.</li> <li>Annual Report and Accounts.</li> <li>Any significant changes to accounting policies or practices save for those which arise by way of statute or regulatory obligations.</li> <li>The Appointment, reappointment or removal of the external auditor to the members.</li> </ul>	As necessary	No delegation No delegation Audit Committee  No delegation
1.5	Approve	Prior approval of any capital expenditure in excess of that authorised in the budget.	As necessary	No delegation
1.6	Approve	Changes to the Group's corporate structure involving a merger, acquisition, creation or disposal of a legal entity, entering into any Joint venture arrangements or partnerships disposal or any other initiative which could reasonably be considered to have significant strategic implications for the Society.	As necessary	No delegation
<b>2</b>	<b>CULTURE</b>			
2.1	Approve	The Society's Values Framework, Culture and Standards of Conduct including responsibility for assessing and monitoring the alignment with Purpose and Values.	As necessary	No delegation
2.2	Oversight	Receive an annual report on the Colleague Engagement Survey and ensuring appropriate follow up action is taken.	Annually	No delegation
2.3	Oversight	Ensuring appropriate and effective arrangements for engagement with the Society's stakeholder groups (members, customers, employees, suppliers, investors, community and the environment) and approval of the Board Stakeholder Map.	As necessary	No delegation
2.4	Responsible	Consumer Duty: <ul style="list-style-type: none"> <li>Appoint a Board Consumer Duty Champion.</li> <li>Review and approve at least annually an assessment of whether the firm is delivering good outcomes for its customers which are consistent with the Duty.</li> </ul>	As necessary	No delegation

		<ul style="list-style-type: none"> <li>• Holding senior managers accountable for the Duty through the Senior Managers &amp; Certification Regime.</li> <li>• Consider the Duty in all strategic discussions.</li> </ul> <p>Throughout its activities the Board shall consider the general obligation to ensure customers are getting fair value and good outcomes in everything it does (Consumer Duty – Principle 12).</p>		
<b>3</b>	<b>RISK MANAGEMENT</b>			
3.1	Approve	Approval of the Society's L1 Risk Appetite Statements.	As necessary	No delegation
3.2	Approve	Approval of any major changes affecting the Society's risk management/ governance frameworks responsible for the identification, mitigation and management of risk.	As necessary	No delegation
3.3	Monitor	<p>Ensuring maintenance of a robust system of internal control and risk management including receiving:</p> <ul style="list-style-type: none"> <li>• Regular reports from the Audit and Board Risk Committees on the effectiveness of the Society's systems and controls and risk management processes.</li> <li>• An annual report from the Board Whistleblowing Champion on the appropriateness and effectiveness of the Society's Whistleblowing systems and controls.</li> </ul>	<p>Following each meeting via Committee reports</p> <p>Annually</p>	No delegation
3.4	Delegation	The overall levels of insurance cover purchase for the Society. The Board to receive a copy of the Directors and Officers Liability Insurance certificate.	Annually	No delegation
3.5	Approve	Lending proposals in excess of the Board approved delegated lending mandates or risk appetite.	As necessary	No delegation
3.6	Approve	Acquisition and disposal of loan portfolios or other material assets.	As necessary	No delegation
3.7	Delegation	Approval of any material changes to the allocation of responsibilities as set out in the Society's Responsibility Map.	As necessary	Board Risk Committee

3.8	Approve	Approval of: <ul style="list-style-type: none"> <li>• TPS</li> <li>• ICAAP</li> <li>• ILAAP</li> <li>• RRP (including LCFP)</li> </ul>	Annually	No delegation
3.9	Approve	Approval of new products as required by the Commercial Lending Product Approval Matrix or the Retail Product Governance Standards.	As necessary	No delegation
3.10	Approval	Of the commencement of legal proceedings or settlements with a potential or actual financial impact in excess of £250,000 including costs.	As necessary	No delegation
3.11	Oversight	Of the arrangements in place to discharge the Society's regulatory obligations.	As necessary	No delegation
4	<b>OPERATIONS</b>			
4.1	Approve	Third party commitments and framework agreements. Approval for contract expenditure where the consideration (or aggregate consideration over the contract term) and/or contingent liability in line with delegated authority.	As necessary	No delegation
5	<b>ESG</b>			
5.1	Oversight	Strategy in respect of Environmental, Social and Corporate Governance.	As necessary	No delegation
5.2	Delegated	Strategy in respect of climate change, and approve, where necessary, any actions required to achieve this.	As necessary	BRC
6	<b>REMUNERATION</b>			
6.1	Oversight	The overall remuneration policy for the Society and its subsidiaries.	As necessary	Remuneration Committee.
		The remuneration of non-executive directors shall be a matter for the Non-Executive Remuneration Committee.	As necessary	Non-Executive Remuneration Committee
7	<b>GOVERNANCE</b>			
7.1	Review and recommend change of Rules to members	The Society's overall corporate governance arrangements including whether its Rules are fit for purpose.	As necessary	No delegation
7.2	Agree and recommend to members	Any proposed change to the name of the Society.	As necessary	No delegation
7.3	Approve	The place of the Head Office.	As necessary	No delegation
7.4	Approve	Resolutions and corresponding documentation to be put forward to members at a general meeting, including proposals for changes to the Society's Memorandum and Rules and of any document stated to be made on behalf of the Board.	As necessary	No delegation
7.5		The division of responsibilities between the Chair and the Chief Executive Officer including approval of:	As necessary	

	Delegation Approval	<ul style="list-style-type: none"> <li>Chair and Chief Executive Officer role profiles; and</li> <li>The level of authority delegated to the Chief Executive Officer.</li> </ul>		Governance and Nominations Committee No delegation
7.6	Approve	Any loan to a director or person connected with a director.	As necessary	No delegation
7.7	Approve	The making of political donations.	As necessary	No delegation
7.8	Approve	Statements made under S54 of the Modern Slavery Act and Modern Slavery & Human Trafficking Policy.	Annually	No delegation
7.9	Approve	Whistleblowing Policy.	Annually	No delegation
7.10	Delegation	The approval of the Common Seal Policy.	Triennially	Executive Committee
7.11	Approve	Appointments to the board of subsidiary businesses.	As necessary	No delegation
7.12	Evaluate	Independence of Non-Executive Directors.	As necessary	No delegation
7.13	Approve	Outside interests and any potential conflicts of interest of any director.	As necessary	No delegation
7.14	Approve	Board Committees: <ul style="list-style-type: none"> <li>The establishment of new committees.</li> <li>Terms of reference (including the level of delegation of authority to those committees).</li> <li>Approval of membership and Chairs of Board Committees.</li> </ul>	As necessary	No delegation
7.15	Approve	Approval of changes to the structure, size and composition of the Board.	As necessary	No delegation
7.16	Approve	Amendments to this Terms of Reference.	Annually	No delegation
7.17	Review	Undertaking a rigorous and formal review annually of its own performance, that of its Committees and individual Directors.	Annually	No delegation