



HM Treasury

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Charles Roxburgh
Second Permanent Secretary

GRO

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Robert Swannell
UK Government Investments Limited
c/o MSP Secretaries
27-28 Eastcastle Street
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W1W 8DH

August 2018

Dear Robert,

**Role as a UKGI non-executive director and
Chairman**

1. **Appointment**
 - 1.1 I am delighted that you have agreed to continue to serve as a non-executive director and Chairman of UK Government Investments Limited (the "**Company**"). This letter sets out the terms of your appointment as a non-executive director and Chairman and constitutes a contract for services and does not create an employment relationship. This letter replaces and supersedes the previous letter of appointment issued to you on 18 February 2016.
 - 1.2 Your re-appointment as a non-executive director and Chairman will commence on the 1 September 2018 and will be for a fixed period, until 10 September 2021, unless terminated earlier under the provisions of paragraph 7 (Early termination & compensation).
 - 1.3 Your appointment as a non-executive director and Chairman is subject to the provisions of the articles of association of the Company for the time being ("**Articles**") and the general law.
2. **Time commitment**
 - 2.1 You are expected to devote such time as is necessary for the proper performance of your duties as a non-executive director and Chairman of the Company. As a guide, an average time commitment of 5 days per month is anticipated but you are expected, at the request of the Board (the "**Board**") , to commit additional time as is required from time to time. You are expected to attend the meetings of the Company's board of directors (the "**Board**") as they are convened and you may be expected to attend additional meetings if circumstances require.
 - 2.2 You confirm that you are currently able to allocate sufficient time to meet these requirements and that you will inform the Board of any subsequent changes to your circumstances which may affect the time you can commit to your duties set out in this letter.

3. Role and compliance with applicable regulations

- 3.1 The Company will have four Board committees: the remuneration committee, the nominations committee, the audit and risk committee and the transaction committee. The Board retains the right, however, to re-constitute any or all its committees from time to time. You and the Board will agree which committees (if any) you will join.
- 3.2 Your other responsibilities as a non-executive director and Chairman will be agreed by you and the Board.
- 3.3 Your role as non-executive Chairman requires you to comply with the 'Terms of reference for the Company's Chairman', as appended to this letter and updated from time to time.
- 3.4 The law does not specifically distinguish between non-executive and executive directors and accordingly all of the duties and obligations of directors generally will apply to you. You are therefore required to comply with, to the extent relevant and without limitation:
- (A) the terms of reference of any of the Board committees of which you are a member;
 - (B) the Company's internal regulations and guidelines on dealing in shares, notifications and directors' interests and the framework document then in force between Her Majesty's Treasury ("HMT") and the Company (the "**Framework Document**");
 - (C) the Companies Act 2006, the Insolvency Act 1986, the Criminal Justice Act 1993 (concerning insider dealing), the Financial Services and Markets Act 2000, the Financial Services Act 2012, the Bribery Act 2010, the Market Abuse Regulation 2016 and all other Acts and general law applicable to companies from time to time;
 - (D) the Articles;
 - (E) any other laws affecting companies or directors of companies which are in force from time to time; and
 - (F) the Seven Principles of Public Life, known as the Nolan principles – available at www.public-standards.gov.uk/.
- 3.5 You will have particular regard to the general duties of directors as set out in Part 10, Chapter 2 of the Companies Act 2006, including the duty to promote the success of the company which provides that a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
- (A) the likely consequences of any decision in the long term;
 - (B) the interests of the company's employees;
 - (C) the need to foster the company's business relationships;
 - (D) the impact of the company's operations on the community and the environment;
 - (E) the desirability of the company maintaining a reputation for high standards of business conduct; and
 - (F) the need to act fairly as between members of the company.

- 3.6 Given UKGI's role in demonstrating good governance in Government owned entities, you will comply, where applicable, with the principles of the Financial Reporting Council's Combined Code on Corporate Governance, the City Code on Takeovers and Mergers, and all other requirements, recommendations or regulations, as amended from time to time, of the Financial Conduct Authority and any other regulatory authority relevant to the Company, in order to discharge your duties appropriately. You will also comply with any code or codes as may from time to time be adopted by the Company on directors' conduct.
- 3.7 The Company has adopted an anti-corruption policy. You should familiarise yourself with that Policy and, as a Board member, seek to reinforce the Company's top level commitment to implement this Policy effectively and to foster a culture in which bribery is never acceptable.
- 3.8 You must also have regard to any other codes of conduct or policies that the Company adopts from time to time.

4. Investment decisions

- 4.1 The Company may, from time to time, hold information, on companies whose securities are publicly listed and traded. This will include those companies included on the restricted list, which will be maintained and updated by UKGI from time to time and which is available in the UKGI Compliance and Code of Conduct Manual (the "**Restricted List**"). The Company and you recognise that you may from time to time be in possession of "inside information" within the meaning of Article 7 of the Market Abuse Regulation, section 56 of the Criminal Justice Act 1993 and/or section 118C of the Financial Services and Markets Act 2000 ("**Inside Information**") by virtue of your appointment as a non-executive director and Chairman of the Company. Without prejudice to the generality of paragraph 3, you must ensure that when you are in possession of such Inside Information you do not:
 - (A) have any involvement in any decision by the Company (or any of its directors, officers or employees) to deal in any of the listed securities (an "**Investment Decision**");
 - (B) influence, directly or indirectly, any Investment Decision (including by encouraging any of the Company's directors, officers or employees to deal or by disclosing any Inside Information to any such persons); and
 - (C) have any contact with any person involved in making an Investment Decision whereby Inside Information that is in your possession is transmitted to that person.
- 4.2 The Company and you must ensure that any Inside Information in your possession from time to time is held behind an effective information barrier (or pursuant to similarly effective arrangements) from individuals who are involved in, or who are able to influence, any Investment Decision.
- 4.3 You should not deal or begin the process of dealing on a non-discretionary basis in any securities of organisations on the Restricted List, without prior clearance from the UKGI Compliance Officer, which will only be given in exceptional circumstances (for instance, a need to sell securities arising from a pressing financial need). Beginning the process of dealing would include calling your broker and putting them on standby to deal in securities or formally agreeing to a recommendation from your broker or investment manager.
- 4.4 It is your responsibility to review the Restricted List regularly and ensure compliance. The Restricted List will include all organisations where the UKGI ExCo is aware of UKGI having, or being likely to have, any price sensitive information in its possession and will be updated from time to time. You should exercise your own judgement in respect of any other information in your possession which would be likely to cause any embarrassment to you or UKGI if you were to trade in any securities linked to such information. If you are in any doubt, you should consult the UKGI Compliance Officer.

5. Fees

Your fee as a non-executive director and Chairman of the Company will be £40,000 per annum which will be paid in equal monthly instalments in arrears and will normally be reviewed annually by the remuneration committee. All fees will be paid through PAYE and are subject to income tax and other statutory deductions. In addition, you will receive fees of £4,000 per annum for each Board committee chairmanship you hold and £2,000 per annum for each Board committee of which you are a member but not the chairman, except for the transaction committee which you will receive fees of £6,000 per annum for committee membership. You will also be entitled to the reimbursement of all receipted business expenses necessarily incurred in the proper performance of the duties of your office. You will have no entitlement to any bonus or pension.

6. Confidentiality and Data Protection

- 6.1 For the purposes of this clause 6 the “**Group**” means the Company, any trading fund, agency, non-departmental public body or subsidiary of the Company, within the meaning of section 1159 of the Companies Act 2006, and any company on which the Company may, from time to time, hold information, or that the Company may from time to time advise or manage on behalf of Her Majesty's Government pursuant to the Framework Document, any other departmental Memorandum of Understanding, or any other arrangement.
- 6.2 By virtue of your appointment as a non-executive director and Chairman, all the information that you receive from the Company or any other member of the Group and you have access to about the Company's and the Group's business and affairs should be regarded as confidential. It should not be disclosed, either during your appointment or at any time thereafter to any third party without the prior written approval of the Senior Independent Director. This requirement does not apply to information which is legitimately in the public domain or is properly required to be disclosed by any legal or regulatory authority or pursuant to any Parliamentary obligation. You should not use confidential information for any purposes other than those of the Company. All Group property, including Board papers and any other confidential information, should be returned at the end of your appointment as a non-executive director and you should ensure that you have not kept copies of Group information in any form whatsoever.
- 6.3 Your attention is drawn to legal and regulatory requirements about inside information which you should always observe (including as set out in clause 4). You should not make any public statement about the Group without the prior written approval of the Senior Independent Director and Chief Executive.
- 6.4 You will comply with the Company's policies, as issued to you from time to time, and will attend compulsory training at the request of the Company (having been given reasonable notice).
- 6.5 Your personal information will be held, where applicable, in line with the relevant data protection law and will be processed only where it is:
- necessary to perform UKGI's obligations under this agreement;
 - necessary to comply with a legal obligation;
 - in the public interest to do so, or for official purposes, or in the exercise of a function of the Crown.

In particular, you will be required to provide UKGI with a contact email address. As part of its processing activities in line with the above, UKGI may share this email address and other of your details with third parties.

7. Early termination & compensation

- 7.1 Either party may terminate your appointment as a non-executive director and/or Chairman for any reason by giving three months' notice in writing.
- 7.2 The Company may terminate your appointment as a non-executive director and Chairman immediately, by giving notice in writing, if:
- (i) you are guilty of any conduct that in the opinion of the Company means you are unsuitable to continue to hold this appointment;
 - (ii) you have become bankrupt or made an arrangement with your creditors;
 - (iii) your estate has been sequestrated in Scotland, or you have entered into a debt arrangement programme under Part 1 of the Debt Arrangement and Attachment (Scotland) Act 2002 as the debtor, or you have, under Scots law, made a composition or arrangement with, or granted a trust deed for, your creditors;
 - (iv) you have failed to comply with the terms of the appointment; or
 - (v) you are otherwise unable, unfit, unwilling or ineligible to carry out your functions.
- 7.3 Your appointment as a non-executive director and/or Chairman may also be terminated early in accordance with the Articles or the Companies Act 2006.
- 7.4 Subject to any fees outstanding and payable under paragraph 5 above, upon termination of your appointment (however effected) you will have no entitlement to any compensation for loss of office.

8. Outside interests

- 8.1 You confirmed that you have disclosed all current outside interests or connections and that these do not conflict with this appointment. You undertake to inform the Company promptly of any change in such circumstances.
- 8.2 During your appointment you should not become involved (whether directly or indirectly) in any enterprise which might reasonably be considered to:
- (i) compete or have a significant relationship with the Company, any of the portfolio assets for whom the Company performs a shareholder role or for whom the Company is carrying out project work (as detailed in the UKGI Dashboard); ; or
 - (ii) conflict or interfere with the provisions or objectives of the Framework Document, or any investment mandate provided to the Company by HMT thereunder,
- without the prior written approval of the Board.
- 8.3 If the Board decides that a conflict of interest may or does arise (whether or not following such notification by you) the Board will decide whether or not to authorise the conflict, (including the terms of any such authorisation) and will notify you accordingly. You must, upon receipt of such notification, and if requested to do so, immediately cease to carry on any activity determined by the Board as likely to give rise to a potential conflict.

9. Independent professional advice

In the course of your duties as a non-executive director and Chairman it may be appropriate for you to take independent advice (in accordance with any guidelines adopted by the Company from time to time) and in such circumstances the Company will reimburse all professional fees, up to a £10,000 limit in any one financial year of the Company, properly incurred with the prior written approval of the Senior Independent Director.

10. Indemnity

The indemnity provided by the Company on 12 February 2016 and the indemnity provided by HMT on 12 February 2016 will continue in effect during the course of your appointment in accordance with the terms of those agreements.

11. Governing Law

This letter is governed by, and must be construed in accordance with, English law.

12. Jurisdiction

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this letter. Any proceedings, suit or action arising out of or in connection with this letter may therefore be brought in the English courts. If you accept the terms of this appointment, please sign this letter below and return it to me.

GRO

For and on behalf of HM Treasury

I accept my appointment as a non-executive director and Chairman of the Company on the terms set out in this letter of appointment.

Signature:

GRO

Name:

R. W. A. Swann

Date:

28th August, 2016

APPENDIX

UK Government Investments Limited (the "Company") Terms of reference for the Company's Chairman (the "Chairman")

Role	- To promote the highest standards of corporate governance, assisted by the Senior Independent Director, Deputy Chairman and Chief Executive, which is meaningful, relevant and understood throughout the business so that we all do the right thing, the right way. - To be accountable to our stakeholders for the effectiveness of the Board and to build a sustainable, respected business that meets the requirements of UKGI's key stakeholders.
Scope of the Chair's oversight and responsibility	- To ensure that policies and action support the responsible Ministers and, where relevant, other Ministers' wider strategic policies and that the Board's affairs are conducted with probity. - Enabling the Board, in reaching decisions, to take proper account of guidance provided by the responsible Minister or the department. - To lead the Board and to chair its meetings, having agreed a balanced agenda with the Chief Executive covering business performance, strategy, risk and people. To ensure directors receive accurate, timely and clear information for robust debate and high-quality decision-making and that their time is allocated to the right things. - To create the conditions for overall board and individual director effectiveness so that the Board achieves its full potential. To facilitate and encourage active engagement of and appropriate challenge by the Board, particularly on business strategy, project and governance oversight and risk. - To ensure that once a board decision is reached, there is appropriate delegation of authority to the executive. - To review the annual performance of the Chief Executive, Senior Independent Director, non-executive directors and Company Secretary. - The Chairman alongside the Chief Executive will review the non-executive director's fees at least every 3 years. - To chair the Nomination Committee which ensures there are succession plans in place for the Board and the business, that the Board has a balance of skills, experience, independence and knowledge appropriate for the needs of the business; and that committee membership is refreshed. - To pay due regard to the benefits of diversity.
Business responsibility	- To be a sounding board for the Chief Executive and in particular in the formulation of strategy and in succession planning for key roles within the business. - Together with the Chief Executive to provide coherent leadership of the board to employees, external stakeholders,

	Government departments, entities for which UKGI has a governance role, the media, the community and the public. • To promote constructive relations and open communication between the directors, executive team, management and employees, both inside and outside the boardroom.
Governance	• To lead all governance matters to ensure they are conducted in accordance with best practice and that there is a clear structure for, and effective running of, the Board and its committees. • To lead the annual review of Board effectiveness and ensure that committee chairman follow the same process. To determine, in consultation with the Board, whether the evaluation should be externally facilitated. • To put in place tailored induction for new directors and regularly review and agree with each director their training and development needs.
Delegation of Authority	The Chairman may delegate any of his powers to the Deputy Chairman or other such persons as he thinks fit.
Support	• Chief Executive and Company Secretary
ToR last approved on	• 22 March 2018 <i>To be reviewed in March 2019, or at the point of any material changes.</i>