

UK Government Investments Limited (the “Company”)**Terms of reference for the Company’s board of directors (the “Board”)**

Chair	<ul style="list-style-type: none"> The initial appointment of the chair of the Board (the “Chair”), and any other Board appointments) will be considered by the Board’s nominations committee and recommended to the Board. The Board will then recommend the appointments to HM Treasury Ministers for their approval. If approved by HM Treasury Ministers the appointees will then be appointed in accordance with the Company’s articles of association. Once appointed the Chair will act as chair for all meetings, or, in his absence, the deputy chair or senior independent director, or, in their absence, the Board will nominate a director to be the chair for the meeting.
Members	<ul style="list-style-type: none"> The Board will comprise of up to ten directors, of which: At least one is to be an executive of the Company; the chairperson and other independent, non-executive directors are to constitute the majority of the Board; a shareholder director; and the UKFI Chair.
Attendees	<ul style="list-style-type: none"> Members of the UKGI team will attend Board meetings as appropriate.
Additional invitees	<ul style="list-style-type: none"> Specialists may be requested to attend Board meetings for specific items or to make presentations to the Board.
Quorum	<ul style="list-style-type: none"> The quorum will comprise of the Chair, the Company’s chief executive and two of the Company’s independent non-executive directors.
Meeting Frequency	<ul style="list-style-type: none"> At least eight times per year and otherwise as required.
Secretary	<ul style="list-style-type: none"> For Companies House purposes the Company secretarial services are provided by MSP Secretaries Limited. In practice, these are to be performed by the Company’s chief financial officer (“Company Secretary”), supported by his or her team.
This Board receives its authority from	<ul style="list-style-type: none"> The Board receives delegated authority from HM Treasury and as detailed in the [Company’s Framework Document] (“Framework Document”). The Board is accountable to the Chancellor of the Exchequer and through the Chancellor of the Exchequer to Parliament. Specifically the Board is required to: <ul style="list-style-type: none"> adhere to the budget delegated by HM Treasury to the Company’s Accounting Officer with the accompanying terms and conditions. ensure that the Company monitors its progress and delivers against its objectives, as defined in the Framework Document (“Objectives”); ensure the Company is adhering to its customer responsibilities, by providing high quality independent professional advice; and to monitor the Company’s resources, its management and risks.
Purpose of the Board	<ul style="list-style-type: none"> To ensure the Company fulfils its overarching purpose to be the Government’s centre of excellence in corporate finance and corporate governance by operating in a way that is consistent with the

	<p>Government's policy objectives, including, but not limited to, the promotion and preservation of orderly, competitive markets.</p> <ul style="list-style-type: none"> To agree with HM Treasury the Objectives and oversee the delivery by the Company against such Objectives, including: <ul style="list-style-type: none"> a) preparing and executing all significant corporate asset sales by the Government; b) advising on all major Government financial interventions into corporate structures; c) to act as a shareholder for those arms length bodies of the Government that are structured to allow a meaningful shareholder function and for other Government assets facing complex transformation (especially if governance is at the heart of a model change); and d) to advise on major UK Government negotiations with corporates. Oversight of the Budget designed to support the Objectives and control arrangements for the Company.
Scope of the Board oversight and responsibility	<p>The Board has overall oversight of its committees, the Company's management and its activities, and the preservation of the independence of its advice to customers from its shareholder.</p> <p>The detailed responsibilities of the Board are :</p> <p><u>Financial</u></p> <ul style="list-style-type: none"> Ensuring the Budget is sufficient to support the Objectives, prior to being submitted for approval to HM Treasury. Appointing a professionally qualified chief financial officer controller to manage; <ul style="list-style-type: none"> the accounts of both the Company and the Company's subsidiary, UK Financial Investments Limited; and the Budget. Signing off the Company's financial statements and accounts in accordance with the requirements of the Government financial reporting manual and the Companies Act 2006. Establishing and maintaining appropriate accounting policies, implementing and monitoring the maintenance of adequate accounting and other records and systems of planning and internal control. <p><u>Strategy</u></p> <ul style="list-style-type: none"> Reviewing the Objectives, ensuring they are consistent with the Company's overarching purpose (as detailed in the Framework Document) and monitoring the Company's performance against the same. Ensuring appropriately qualified individuals with relevant experience are in place to deliver the Objectives.

Risk

- Ensuring that the Company's management establish and maintain an appropriate framework for managing risk in respect of the Company and its subsidiary (effective 1st April 2016).
- Defining the risk appetite of the Company as appropriate for each of its activities.

Self-review

- Ensuring that suitably rigorous appraisals are made of the effectiveness of the Chair and the Board, including reviewing the Board's constitution and terms of reference to ensure the Board is operating at maximum effectiveness.
- Ensuring that Board effectiveness reviews include the Board's committees.

Legal, regulatory and governance

- Considering and, as appropriate, authorising any actual or potential conflicts of interest in accordance with the Companies Act 2006 and the Company's articles of association.
- Receiving the minutes of and/or reports from the Board's committees and Company's subsidiaries.
- Overseeing the Company's corporate governance arrangements to ensure these reflect best practice private and public sector standards.
- Periodically reviewing the Companies business continuity plan.
- Approving materials prepared for the quarterly shareholder meetings (QSM), which the chair must attend.
- HM Treasury may give the Board directions of a general or specific nature from time to time and the Board must comply with such directions or resign. Such directions must be given in writing and be published by HM Treasury unless financial stability requires that publication is delayed or withheld.
- Approving where appropriate the Company's compliance policies (in instances where these are not approved by the Board's committees).

Board's oversight of key Company activities

To provide oversight and strategic direction of the discharging of the Objectives, in particular:

- Approving the Business Plan and any revisions to it;
- Approving the managements' strategy in relation to key transactions/ projects;
- Overseeing delivering against the Business Plan and providing challenge where the Objectives are not being met;
- Active engagement with clients in accordance with best practice;
- Management of conflicts and insider information relating to listed entities/ clients with listed entities;
- Ensuring compliance with respective client MOUs;
- Reviewing client feedback of work undertaken as described in the MOUs;

	<ul style="list-style-type: none"> • Approving variations to MOUs; • Overseeing key pieces of advice to Ministers; • Approving the requirement of external advisors.
Delegation of Authority	<ul style="list-style-type: none"> • The directors may delegate any of their powers (with power to sub-delegate) to committees consisting of such person or persons (whether directors or not) as they think fit.
Support	<ul style="list-style-type: none"> • Refer to section "Secretary". • The Board to be provided with appropriate and timely training both in the form of an induction programme for new members and an ongoing basis for all members. A training schedule will be agreed with the Board at the appropriate time. • The Board to have access to sufficient resources in order to carry out its duties.
ToR last approved on	<ul style="list-style-type: none"> • 27 January 2016 <p><i>To be reviewed in January 2017, or at the point of any material changes.</i></p>