



UK Government
Investments

OFFICIAL-SENSITIVE

FINAL

UK Government Investments Limited
(the “Company”)

27-28 Eastcastle Street, London W1W 8DH

Minutes of a meeting of the Board of Directors

Held via Microsoft Teams

On 31 March 2021 at 13:00

Present: Robert Swannell (in the Chair)
Charles Donald
Andrew Duff
Phil Duffy
Jitesh Gadhia
Jane Guyett (except item 16)
Clare Hollingsworth
Robin Lawther
James Leigh-Pemberton
Sarah Munby
Caroline Thomson

Apologies: Charles Roxburgh

In attendance: Tosin Adegun (items 6 and 16)
Carolyn Battersby (item 14)
Isabel Clancy
Alex Chisholm (until item 5)
Alex Cole (item 8)
Tom Cooper (item 8)
Zoe Gillis
Samantha Harris (item 9)
Michael Harrison (item 14)
Heather Humphreys
Lucie Lambert
Amy Leishman
Jan Mckenley (item 16)
Chris McEwan (item 9)
Heather Mellors (items 6 and 16)
Usha Prashar (item 16)
Siv Rajeswaran (item 8)
Robert Razzell (item 7)
Alex Reeves (item 9)
David Sandford (items 6 and 16)
Ceri Smith (items 6 and 16)
Susie Timlin
Claire Whitaker (item 16)

1. Declarations of interest

Each Director of the Company who had an interest under sections 177 and/or 182 of the Companies Act 2006 declared such an interest and it was noted that, in accordance with article 7 of the Company's Articles of Association, each such Director was entitled to vote in respect of any proposed matter in which he/she was interested and that each such Director was entitled to be (and was) taken into account in ascertaining whether a quorum was present.

The Chair took the opportunity to inform the Board of the departure of Ceri Smith. The Board expressed their gratitude for Ceri's commitment and tremendous contributions to UKGI.

2. Minutes of the previous meeting

The minutes of the meeting of 21 January 2021 were approved.

The NomCo minutes of the meeting of 5 March 2021 were approved.

IRRELEVANT

IRRELEVANT

6. UKGI Diversity and Inclusion update

The Board noted the contents of the paper. Since the previous update to the Board at its November 2020 meeting, UKGI had made good progress on its formal diversity targets. Specifically, UKGI reached the gender target in March 2021 with 41% of the Directors and ED cadre categorised as female. The Board noted that there was also good progress on the BAME target of 10% of the Directors and ED cadre by December 2022 – currently 6% of this cadre was BAME. There was a strong endorsement by the Board of the wide unredacted circulation of the Seriously Inclusive report throughout UKGI, noting that by doing this UKGI was putting its values into action. It was noted that the CEO's visibility was a consistent positive feature of staff feedback in the Seriously Inclusive report. The Board noted that the D&I working group and ExCo were working on an action plan to take forward the Seriously Inclusive findings.

The Board discussed how UKGI could share best practice in this area externally to its portfolio. It was agreed that a discussion should take place between UKGI and BEIS officials to explore this further. The Board briefly considered diversity and inclusion set against the backdrop of the new Stewardship Code and future ESG reporting requirements.

It was noted that Ceri Smith, the Director lead on diversity and inclusion, was departing UKGI to take up a role at the Department for International Trade. The Board thanked Ceri for all of his efforts, particularly on championing diversity and inclusion throughout UKGI.

Action – UKGI and BEIS officials to explore sharing D&I best practice examples with external parties.

Action – A further update on Diversity and Inclusion, with an action plan, to be brought back to the May Board.

7. CFO update

The report was noted. The Board noted the update on spend to date and forecast outturn for 2020/21, reflecting on the earlier discussion around potential increase in demand developing due to the vaccine taskforce. In the context of an increasing headcount, the discussion briefly considered any impact to UKGI's bonus system. The Board approved the 2021-22 budget.

8. Risk update

IRRELEVANT

REDACTION

Action: Risk team to carry out a deep dive to ensure that the internal risk reviewing process is consistent.

Action: Charles Donald to follow up with Sarah Munby regarding the Vaccines Taskforce resourcing.

REDACTION

REDACTION

10. UKGI Performance review 20/21

The CEO analysed UKGI's performance against the metrics as set out in the paper. The Board noted an error in the metric relating to the days when the NatWest share price exceeded the floor of the Dividend Discount Model (DDM). It was noted that during the period from 1/04/2020 to 12/03/2021, there were 74 trading days when the share price was above the DDM floor. All of these days were blocked for reasons including: government in possession of material non-public

information (MNPI), pre-results closed period or thin volumes during holiday period. Therefore it was noted that UKGI has fully met its objective of not missing a single available day for disposals of NatWest shares.

The Board discussed the key achievements for the governance portfolio and agreed that it would be beneficial to have sight of objectives that may not have been met or had been missed and to highlight any areas of difficulties and our own assessment of the challenges. It was also noted that the Board would find it useful to have sight of constructive feedback from external parties, and it was agreed that consideration would be given to ways in which feedback can be received in addition to the 1:1 meetings with the UKGI Chair and the Chairs of the portfolio entities, including an option to consider client surveys. In light of the comments it was agreed that a revised structure of KPIs for future years would be brought back to the Board in due course.

The Board agreed that, despite the inherent difficulty in applying objective assessments in all cases, almost all of UKGI's objectives for the 20/21 year had been met, enormous progress in terms of focus and efficiency had been achieved (with a number of new mandates being taken on and executed effectively), and overall UKGI and the teams have performed extremely well in very challenging conditions. Charles Donald was asked to convey this positive view of a strong performance to staff at the appropriate time.

Action – revised structure of future KPIs to come back to the Board in due course.

Action – consider alternative methods in receiving feedback from external parties, including client surveys.

11. UKGI Board Effectiveness review

The Board duly noted the paper and agreed that an externally facilitated board review should take place when the new Chair has been appointed.

12. Reclaim Fund

The Board duly noted the paper and agreed for UKGI to take on the Shareholder role and to provide a NED to the asset.

REDACTION

IRRELEVANT

IRRELEVANT

16. Seriously Inclusive report

The Board noted and thanked the Seriously Inclusive consultants for the report. The Board enquired into the findings and subsequent recommendations; in particular, how other organisations had approached diverse hiring, external good practice, and how UKGI was benchmarked against relevant sectors.

The following discussion reflected on building diversity and inclusion into remuneration, noting that one area raised in the report was around pay transparency and progression opportunities. Noting the complexity, and benefits, of the civil service and private sector blend within UKGI, the Board reflected on steps UKGI could take to allow employees to develop and progress. Performance feedback and career management were recognised as potential steps, alongside utilisation of different networks for recruitment. The Board enquired into comments made regarding UKGI's culture, both historic and future.

The Board thanked Seriously Inclusive, reflecting on the clear and practical presentation of the review within the report.

There being no other business, the meeting duly closed at 17.40.

GRO

Chair of the meeting