



UK Government Investments Limited
(the "Company")

27-28 Eastcastle Street, London W1W 8DH

Minutes of a meeting of the Board of Directors held in

Room 5K, 1 Victoria Street, London, SW1H 0ET

On 28th September 2016 at 3.30pm

Present: Robert Swannell (in the Chair)
Martin Donnelly
Jitesh Gadhia
Jane Guyett
Robin Lawther
Simon Palley
Mark Russell
Caroline Thomson

Apologies: James Leigh-Pemberton

In attendance: Alex Chisholm
Charles Roxburgh

Jeremy Ankers (up to Item 7.11)
Ed Emerson (Items 8.1 and 8.2)
Zoe Gillis
Oliver Holbourn
Roger Lowe
Justin Manson
Dionne Mason (Item 8.3)
Niamh McBreen (Item 8.2)
Heather Mellors (Item 10)
Rachel Mortimer
Paul Norris (Item 7.2)
Anthony Odgers
Nathan Philips (Items 8.2 and 8.3)
Julie Price (Item 10)
Mushi Rahman (Item 8.5)
Robert Razzell
Alex Reeves (Item 8.5)
Ceri Smith
Ed Westhead (Items 8.1)

1. Chair Introduction

The Chair welcomed Charles Roxburgh, HM Treasury's Second Permanent Secretary, and Alex Chisholm, BEIS Permanent Secretary.

The Chair introduced Robert Razzell, UKGI CFO and Company Secretary.

The Board noted and accepted the resignation of Martin Donnelly as a Board member, pursuant to his departure from BEIS and commencement of his new posting as DIT Permanent Secretary. The Chair thanked Martin for his support of UKGI and its predecessor body, the Shareholder Executive.

2. 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.

It was noted that since the last meeting Jitesh Gadhia had been appointed to the House of Lords and discussions were in train to establish the extent to which this might present any conflict of interest and, if so, how this might best be addressed.

3. Minutes from previous meeting

The minutes from the 13th July 2016 Board meeting and the 3rd August 2016 Board call were approved.

4. Board Forward Look

The Board noted the forward look.

5. Appointment of Senior Independent Director

The Board approved the appointment of Jane Guyett as Senior Independent Director (SID), and noted some minor amendments to the SID Terms of Reference, which was then approved by the Board.

6. Appointment of Non-Executive Directors

The Board resolved that, having consent to act, Charles Roxburgh and Alex Chisholm be appointed as Non-Executive Directors of the Company. The board further approved the appointment of Susan Acland-Hood as Charles Roxburgh's alternate director. It was noted that these appointments were subject to approval by the Economic Secretary to the Treasury [Post Meeting Note: this approval was received on 28 September 2016 subsequent to the meeting]. The Company Secretary was instructed to arrange the necessary filings at Companies House.

7. Chief Executive's Report

The CEO drew the Board's attention to the change in ministerial teams across almost all the departments with which UKGI has a relationship, the potential challenge this may present, and the need to further develop relationships with other departments, with HMT seeking UKGI's involvement with MoD, and potential further work forthcoming from DCLG. The Departmental NED noted the successful outcome of the Hinckley Point review, and that BEIS will be working with UKGI to continue to promote inward investment into the UK.

IRRELEVANT

7.1 Student Loans

IRRELEVANT

7.2 Green Investment Bank (GIB)

IRRELEVANT

IRRELEVANT

7.3 Land Registry

IRRELEVANT

7.4 Urenco

IRRELEVANT

7.5 Channel 4

IRRELEVANT

7.6 UKEF

GRO

7.7 British Business Bank (BBB)

IRRELEVANT

7.8 Special Situations

IRRELEVANT

7.9 ARM/Softbank

IRRELEVANT

7.10 Chief Operating Officer's Report

The Board noted the report.

7.11 Chief Financial Officer's Report

The Board noted the report.

7.12 Assistant Company Secretary's Report

The Board noted the report, and commended relevant staff on the quality of the project-specific teach-in sessions.

8. Items for discussion

8.1 Airbus

IRRELEVANT

8.2 Network Rail

IRRELEVANT

IRRELEVANT

8.3 NDA

IRRELEVANT

Action: a further, more detailed discussion on the NDA to be scheduled.

8.4 Project Minerva (Tata Steel)

IRRELEVANT

8.5 Royal Mail

Since the paper has been drafted, it has become clear that Pathway will not move any further, and that the options are now whether to take the portfolios to market in any case, noting the current strong secondary market prices, or attempt to remove Pathway, which will clearly be resource intensive and will delay the sale. The team noted that the Ministerial view was that the government should not be taking the market risk associated with a 'hold' position and that a sale should be pursued. Robin Lawther queried the ongoing carrying cost of the assets; it was noted that there is a high regulatory and compliance burden associated with these investments, and these will need to be taken into account in future decision making.

Action: the Board to be given an opportunity to express its point of view at the next decision point.

9. Oral update – Health

IRRELEVANT

10. Item for approval – People Strategy

IRRELEVANT

IRRELEVANT

all things of the world - now and then - have their own life and their own way of growing and their own way of dying - and they are not to be judged by the standards of man.

It is not our business to judge them, but only to understand them and to love them as they are.

Robert Swannell

Chair of the meeting

