

UK Government Investments Limited (the “Company”)
Terms of reference for the Company’s Chairman (the “Chairman”)

Role	<ul style="list-style-type: none"> 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.
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.
Scope of the Board oversight and responsibility	<ul style="list-style-type: none"> 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

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	<p>the Board has a balance of skills, experience, independence and knowledge appropriate for the needs of the business; and that committee membership is refreshed.</p> <ul style="list-style-type: none"> • To pay due regard to the benefits of diversity, including gender.
Business responsibility	<ul style="list-style-type: none"> • 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 to0 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	<ul style="list-style-type: none"> • 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	HM Treasury, Senior Independent Director
Support	<ul style="list-style-type: none"> • Chief Executive and Company Secretary
ToR last approved on	To be approved.

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UK Government Investments Limited (the “Company”)
Terms of reference for the Company’s Chief Executive (the “Chief Executive”)

Role	<ul style="list-style-type: none"> To keep the Chairman regularly informed on all matters that may be of importance to the Board, including progress against strategic initiatives, emerging risks, the performance of the executive team and succession planning for key roles within UKGI. To be accountable to the Board for all aspects of the performance and management of UKGI. This includes developing business strategies for Board approval and achieving timely and effective implementation whilst managing the risks.
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.
Main responsibilities	<ul style="list-style-type: none"> To lead the corporate strategic direction to develop appropriate business strategies for Board consideration and approval. To regularly update the Board on progress and KPIs. To maintain an effective framework for internal controls and risk management, ensuring that the risk register is reviewed quarterly by the Executive Committee, prior to being submitted to the Board. To ensure the Board has adequate access to accurate, timely and clear information for decision-making.
Objectives for 2016/17	<ol style="list-style-type: none"> Ensure UKGI delivers its objectives to: <ul style="list-style-type: none"> prepare and execute all significant corporate asset sales by the UK Government; advise on all major UK Government financial interventions into corporate structures; act as shareholder for those arm’s length bodies of the UK Government that are structured to allow a meaningful shareholder function and for other UK Government assets facing complex transformations (especially if governance is at the heart

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	<p>of a model change); and</p> <ul style="list-style-type: none"> advise on major UK Government negotiations with corporates (Measurement – UKGI Board Secretariat to produce a report for the Chair at year end) <ol style="list-style-type: none"> Ensure that UKGI, and the CEO as leader, is embedded in its/his relationship with its/his shareholder, HMT, through relationships at all relevant levels of officials and ministers in HMT and that the leadership, management and administration of UKGI's business is regarded by HMT as strong and that it is regarded highly for the execution of its objectives. Ensure that Ministers, permanent secretaries and senior officials of key departments with whom existing projects/governance are done regard performance of UKGI, and the CEO's leadership, during the year to have been strong – these departments would include BIS, DECC, DfT, DCMS and Cabinet Office. Ensure that UKGI develops stronger and deeper relations with key departments identified for future work, notably MOD, DH. Create an effective ethos and culture across UKGI resulting in strong engagement at all levels and other positive metrics in respect of working environment – identify/propagate/monitor appropriate behaviours and have a developed people plan in place by end September. This should include plans and action to highlight attractions of UKGI for key targets in public and private sector. Continue to strengthen senior management team (directors, COO, CFO) identify gaps and develop capabilities and develop a CEO succession plan – near term emergency and longer term. Plan, with the CEO and Chair of UKFI, for full UKGI/UKFI merger to ensure there is a clear vision for the future shape and design of UKGI to allow effective governance of a merged UKGI and for UKGI/UKFI to continue to attract and retain talent effectively to deliver that model over the next 12 to 24 months.
Business values	<ul style="list-style-type: none"> To lead UKGI, promoting the values and ensuring company policies and procedures are adhered to. To ensure UKGI complies with all relevant legislation and regulation. To ensure risks are effectively assessed and managed, and that the necessary financial and human resources are in place. To ensure performance is effectively monitored.
People	<ul style="list-style-type: none"> To pay due regards to the benefits of diversity.

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	<ul style="list-style-type: none"> To review the performance of the Executive Committee, allocating responsibilities to individuals. To make recommendations to the Remuneration Committee regarding individual pay and long-term performance incentives. Together with the Chairman review non-executive director fees at least every 3 years.
Delegation of Authority	Given from the Board.
Support	<ul style="list-style-type: none"> Deputy Chief Executive, Directors, Chief Operating Officer, Chief Financial Officer & Company Secretary
ToR last approved on	<p>[] Date</p> <p>ToR to be approved annually in line with the setting of the CEO's objectives.</p>

Annex A: Extract from UKGI Framework document - Accounting Officer responsibilities in the UKGI Group

Responsibilities of UKGI's chief executive as Accounting Officer

4.1 The chief executive as Accounting Officer for the UKGI Group is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of UKGI. In addition, he or she should ensure that UKGI as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of Managing Public Money.

4.2 As Accounting Officer, the chief executive has specific responsibilities to account to Parliament as covered by the Accounting Officer's letter of appointment and as described in *Managing Public Money*. The accountabilities include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Treasury;
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about UKGI are established and made widely known within UKGI;
- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
- giving evidence, normally with the PAO, when summoned before the PAC on UKGI's stewardship of public funds.

4.3 Particular responsibilities to HM Treasury include:

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- establishing, in agreement with the department, UKGI's corporate and business plans in the light of the department's wider strategic aims and agreed priorities;
- informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion.

4.4 Unless agreed by HM Treasury, UKGI will follow the principles, rules, guidance and advice in Managing Public Money to the extent applicable, referring any difficulties or potential bids for exceptions to the sponsor team in HM Treasury in the first instance.

4.5 The chief executive is responsible for:

- advising the board on the discharge of UKGI's responsibilities as set out in this document and in any other relevant instructions and guidance that may be issued from time to time;
- advising the board on UKGI's performance compared with its objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- taking action as set out in paragraph 3.8.6 of Managing Public Money if the board, or its chairman, is contemplating a course of action involving a transaction which the chief executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical.

4.6 The Company chief executive will be authorised to act as the "qualified person" under section 36(5)(o) (iii) of the Freedom of Information Act 2000.