

UK Infrastructure Bank Limited ("UKIB")

(Company Number: 06816271)

Board

Terms of Reference

Document control

Document reference:	UKIB Board ToR
Approval authority:	UKIB Board
Document owner:	Company Secretary
Document author:	Company Secretary
Version:	v2.0 Board ToR 202401
Approval date:	31 January 2024
Effective date:	22 March 2024
Review frequency:	Annual
Next review date:	January 2025

1. Purpose

The purpose of the Board is to provide strategic direction and ensure that UKIB is equipped to perform its functions and achieve its objectives (the “Strategic Objectives”) as provided for in the UK Infrastructure Bank Act 2023 (“the Act”) and reflected in its Articles of Association (“Articles”), taking into account, as appropriate, the requirements of the framework document (“Framework Document”) that outlines the relationship between UKIB, UK Government Investments Limited and His Majesty’s Treasury as UKIB’s sole shareholder (“Shareholder”).

2. Membership

2.1 Further to the Act and as reflected in UKIB’s Articles:

2.1.1 The Board shall comprise at least five, but no more than fourteen members, all of whom will be company directors within the meaning of the Companies Act 2006;

2.1.2 The Board shall include a Non-Executive Director as Chair and, the Shareholder Representative Director (as defined in the Framework Document), the chief executive officer (“CEO”), an appropriately qualified executive director of finance (“CFO”) and other Non-Executive and Executive Directors as appointed from time to time;

2.1.3 The Board must contain a balance in favour of Non-Executive Directors whom the Board considers to be independent;

2.1.4 The Board Chair, the CEO and the Non-Executive Directors shall be appointed by the Chancellor by written notice from the Shareholder to UKIB. Other Executive Director appointments shall be a matter for Board decision; and

2.1.5 Non-Executive Director appointments to the Board shall be for an initial term of no more than four years, or such shorter period as may be specified in the terms on which the director is appointed. The initial term may be followed by one further term of up to a maximum of four years, subject to mutual agreement and meeting required performance standards.

2.2 Any director may appoint an alternate director in accordance with the requirements of UKIB’s Articles.

2.3 Only members of the Board have the right to attend Board meetings. However, non-members may be invited to attend all or part of any meeting as and when appropriate and necessary, at the discretion of the Board Chair. The Shareholder reserves the right to request that an observer attends all or part of specific Board meetings.

2.4 In the absence of the Board Chair and / or a deputy appointed by the Board Chair in advance of a meeting (who shall also be an independent Non-Executive Director), the remaining members shall elect one of themselves as deputy to chair the meeting, so long as they are an independent Non-Executive Director.

3. Secretary

3.1 The Company Secretary, or their nominee(s), shall act as the secretary of the Board and will ensure that the Board receives information and papers in a timely manner to enable full and proper consideration to be given to matters arising.

4. Quorum and voting arrangements

- 4.1 The quorum necessary for the transaction of business shall be five members, one of whom shall be the Shareholder Representative Director (or an alternate director appointed by the Shareholder Representative Director), and one of whom shall be an Executive Director (or an alternate director appointed by an Executive Director). Directors acting in addition as alternate directors shall count only as one member for the purposes of determining whether a quorum is present.
- 4.2 Every person acting as an alternate director shall have one vote for each director for whom they act as alternate, in addition to their own vote if they are also a director. Decisions arising at a meeting shall be decided by a majority vote. In the case of an equality of votes, the Board Chair (or their deputy) shall have the casting vote.
- 4.3 In the absence of the Shareholder Representative Director, including where an alternate Shareholder Representative Director has been appointed, the Shareholder Representative (as defined in the Framework Document), may nominate a "Shareholder Representative Observer" to attend a meeting of the Board. The Shareholder Representative Observer may not cast a vote in Board resolutions and shall not count towards the quorum.
- 4.4 At the start of each meeting of the Board, each member will disclose to the Board any actual or potential conflict of interest in any matter to be decided by the Board. Any such member who cites disclosures may be asked to recuse themselves from the meeting if the Board determines that there is a conflict of interest in relation to a particular item of business to be discussed and will abstain from voting on those resolutions where a conflict is deemed to have arisen.
- 4.5 If a director ceases to be a director at a Board meeting, they can continue to be present and to act as a director and be counted in the quorum until the end of the meeting if no other director objects and if otherwise a quorum of directors would not be present.

5. Frequency of meetings

- 5.1 The Board shall meet at least four times a year at appropriate intervals and otherwise as required.
- 5.2 Outside of the formal meeting programme, the Board Chair will maintain a dialogue with key individuals involved in the governance of UKIB, including the Shareholder Representative Director, Senior Independent Director, CEO, CFO, Chief Risk Officer, Chief Operating Officer and Chief People Officer and the Company Secretary.

6. Notice of meetings

- 6.1 Meetings of the Board shall be called by Company Secretary or their nominee(s) at the request of the Board Chair or any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed, shall be provided to each member of the Board and any other person required to attend, no later than five working days before the date of the meeting, wherever possible. Supporting papers shall be sent to Board members and to other attendees, as appropriate, at the same time.
- 6.3 Notice is treated as properly given if it is given personally, by word of mouth or in writing (including electronically) to the director's last known address or any other address given by the

director to the company for this purpose. Any director can waive entitlement to notice of any directors' meeting, including one which has already taken place and any waiver after the meeting has taken place will not affect the validity of the meeting or any business conducted at the meeting.

7. Minutes of meetings

- 7.1 The Company Secretary (or their nominee) shall minute the proceedings and resolutions of all Board meetings including recording the names of those present and in attendance.
- 7.2 Draft minutes of each Board meeting shall be shared with the Board Chair within two weeks of the meeting. The minutes shall be made available to all other members of the Board and the Company Secretary (unless it would be inappropriate to do so in the opinion of the Chair) at the next Board meeting. The minutes will be available to the Shareholder, if so requested, once finalised and approved by the Board Chair subject to the caveat above.
- 7.3 Final copies of the Board meeting minutes shall be maintained for UKIB records.

8. Engagement with the Shareholder

- 8.1 The Shareholder Representative Director shall be a member of the Board, helping to ensure the engagement of the Shareholder on significant matters related to the Board's areas of responsibility.

9. Duties

- 9.1 The Board shall perform the following duties, taking into account the relevant aspects of the UK Corporate Governance Code ("the Code") and paying due regard to the requirements of UKIB's Framework document:
 - 9.1.1 Establishing and taking forward the aims and objectives of UKIB as set out in the Strategic Objectives;
 - 9.1.2 Developing, updating and approving the multi-year Strategic Plan, the Annual Business Plan and budget;
 - 9.1.3 Ensuring the financial and human resources are in place for UKIB to meet its Strategic Objectives;
 - 9.1.4 Ensuring that UKIB's activities are conducted in accordance with the Operating Principles and Investment Principles (as defined in UKIB's Framework Document), as appropriate;
 - 9.1.5 Providing effective leadership of UKIB within a framework of prudent and effective controls which enables risk to be assessed and managed;
 - 9.1.6 Ensuring that the Board receives and reviews regular financial information concerning the management of UKIB and is informed in a timely manner about any concerns about the activities of UKIB;
 - 9.1.7 Reviewing management performance;
 - 9.1.8 Demonstrating high standards of corporate governance at all times, including by using UKIB's Audit & Risk committee to help the Board to identify and manage key financial and other risks;

- 9.1.9 Ensuring that any statutory or administrative requirements for the use of public funds are complied with and that the Board operates within the limits of its legal authority and any financial authority delegated to it by the Accounting Officer of UKIB or otherwise agreed with the Shareholder and in accordance with any other conditions relating to the use of or risk to public funds;
- 9.1.10 Determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by UKIB of the Strategic Objectives; and
- 9.1.11 The Board shall nominate, from among its membership, Non-Executive Directors to undertake the following roles:
- i. Senior Independent Director;
 - ii. Counter Fraud Representative Director;
 - iii. Workforce Engagement Representative Director;
 - iv. Whistleblowing Champion;
 - v. Climate Representative Director; and
 - vi. Director Representing National Authorities.

- 9.2 For the avoidance of doubt and subject to the directors' statutory, common law and fiduciary duties, the Board's obligations in this regard are to the Shareholder alone, and not, for instance, to individual departments across Government.
- 9.3 The Accounting Officer has responsibilities to the Board as set out in the Framework Document and the process for managing disputes between the Board and the Accounting Officer is also referred to in UKIB's Framework Document.

10. Reporting responsibilities

- 10.1 Ensuring that the Shareholder is kept informed of any changes which are likely to impact on the strategic direction of UKIB or on the attainability of its Strategic Objectives, and determining the steps needed to deal with such changes.
- 10.2 Meeting with the Shareholder or their representative with reasonable notice to discuss the affairs of UKIB.
- 10.3 Providing such information in relation to the affairs of UKIB as the Shareholder may reasonably require, while also respecting the operational independence of UKIB.
- 10.4 Co-operating fully with the requests of all relevant Parliamentary committees for scrutiny, requests from the Parliamentary Commissioner for Administration and otherwise to assist the Shareholder and the Shareholder Representative in answering questions about UKIB.

11. Other matters

The Board shall:

- 11.1 Consider other duties determined by the Board from time to time.
- 11.2 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and/or a member of their team for advice and assistance as required.

- 11.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 11.4 Give due consideration to laws and regulations, in particular and to the extent applicable and appropriate to UKIB:
 - 11.4.1 the directors' duties contained in the Companies Act 2006 and the principles and provisions of the Code; and
 - 11.4.2 Various items set out in the Framework Document including, to the extent appropriate, Managing Public Money, the Green Book and the items set out in Appendix 1 of UKIB's Framework Document.
- 11.5 Ensure that the Board's assessment of its compliance with the Code with explanations of any material departure will be included in UKIB's annual governance statement.
- 11.6 Oversee any investigation of activities which are within its terms of reference.
- 11.7 Work and liaise as necessary with all Committees of the Board.
- 11.8 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend to the Shareholder any changes it considers necessary. An externally facilitated Board evaluation must take place at least every three years.