

UK Infrastructure Bank Limited (“UKIB”)

(Company Number: 06816271)

# Remuneration Committee

## Terms of Reference

### Document control

Document reference:	UKIB Remuneration Committee ToR
Approval authority:	UKIB Board
Document owner:	Company Secretary
Document author:	Company Secretary
Version:	v2.0 RemCo ToR 202401
Approval date:	31 January 204
Effective date:	21 March 2024
Review frequency:	Annual
Next review date:	January 2025

## **1. Purpose**

The purpose of the Remuneration Committee (the “Committee”) is to support and advise the Board of UKIB in ensuring UKIB’s approach to compensation is fair, competitive and aligned with its objectives as provided for in the UK Infrastructure Bank Act 2023 and reflected in its Articles of Association (“Strategic Objectives”). In doing so, the Committee will:

- 1.1 Determine and agree with the Board the remuneration strategy and the broad policy for remuneration of directors, senior management, and any other individual employees deemed appropriate by the Committee;
- 1.2 Take into account, as appropriate, the requirements of the framework document (“Framework Document”) entered into between UKIB, UK Government Investments and His Majesty’s Treasury as UKIB’s sole shareholder (“Shareholder”);
- 1.3 Determine the specific remuneration packages for the Chief Executive Officer, Executive Directors, and senior management, including the Company Secretary. The specific remuneration of Non-Executive Directors is a shareholder matter in consultation with the Chair of the Remuneration Committee (“Chair”); and
- 1.4 Provide oversight on the appropriateness and relevance of the remuneration policy, the employee benefit package and performance related pay practices for the workforce of UKIB.

## **2. Membership**

- 2.1 The Committee shall comprise at least three members, all of whom shall be Non-Executive Directors and one of whom shall be the Shareholder Representative Director (as defined in the Framework Document). The Board Chair may also serve on the Committee as an additional member if he or she was considered independent on appointment as Board Chair.
- 2.2 Members of the Committee shall be appointed by the Board further to the recommendation of the Nomination Committee and in consultation with the Chair. Appointments to the Committee 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. The Board may choose to vary membership of the Committee from time to time as it sees fit.
- 2.3 Any director may appoint an alternate director in accordance with the requirements of UKIB’s Articles.
- 2.4 Only members of the Committee have the right to attend Committee meetings. However, the Chief Executive Officer, Chief People Officer, Head of Reward, external advisers and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary, at the discretion of the Chair.
- 2.5 The Board shall appoint the Chair who will be an independent Non-Executive Director and who should have served on a remuneration committee for at least 12 months. The Chair shall not be the Board Chair. In the absence of the Chair and/or a deputy appointed by the Chair in advance (who shall also be an independent Non-Executive Director), the remaining members in attendance 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 Committee and will ensure that the Committee 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 two members. One of these must be the Chair or a nominated deputy; and another must be the Shareholder Representative Director (or an alternative director appointed by the Shareholder Representative 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 or be referred to the Board for further consideration. In the case of an equality of votes, the 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, UK Government Investments, may nominate a "Shareholder Representative Observer" to attend a meeting of the Committee. The Shareholder Representative Observer may not cast a vote in Committee decisions and shall not count towards the quorum.
- 4.4 At the start of each meeting of the Committee, each member will disclose to the Committee any actual or potential conflict of interest in any matter to be decided by the Committee. Any such member who cites disclosures may be asked to recuse themselves from the meeting if the Committee 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.

### **5. Frequency of meetings**

- 5.1 The Committee shall meet at least four times a year at appropriate intervals and otherwise as required.
- 5.2 Outside of the formal meeting programme, the Chair will maintain a dialogue with key individuals involved in the governance of UKIB, including the Board Chair, the Shareholder Representative Director, the CEO, the CPO and General Counsel.

### **6. Notice of meetings**

- 6.1 Meetings of the Committee shall be called by Company Secretary or their nominee(s) at the request of the 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 forwarded to each member of the Committee, any other person required to attend, and all other directors, no later than five working days before the date of the meeting, wherever possible. Supporting papers shall be sent to Committee 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 decisions of all Committee meetings including recording the names of those present and in attendance.
- 7.2 Draft minutes of each Committee meeting shall be shared with the Chair within two weeks of the meeting. The minutes shall be made available to all other members of the Committee and the Company Secretary (unless it would be inappropriate to do so in the opinion of the Chair) at the next Committee meeting. The minutes will be available to the Shareholder, if so requested, once finalised and approved by the Chair subject to the caveat above.
- 7.3 Final copies of the Committee 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 Committee, helping to ensure the engagement of the Shareholder on significant matters related to the Committee's areas of responsibility.

## **9. Duties**

The Committee shall carry out 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 Determine the remuneration policy for the Executive Directors, executive committee members, the Company Secretary and all employees, including pension rights and any compensation payments. No director or senior manager shall be involved in any decisions as to their own remuneration. The Committee may seek the views of UKIB's Chief Executive Officer in respect of the remuneration policy for senior management and executive directors (other than their own salary).
- 9.2 In determining such policy, take into account all factors that it deems necessary including relevant legal and regulatory requirements, the provisions, and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run UKIB successfully without paying more than is necessary. The remuneration policy should have regard to the risk appetite of UKIB and alignment to UKIB long-term strategic goals, purpose and values and which enables the use of discretion to override formulaic outcomes. It should also include provisions that would enable UKIB to recover and/or withhold sums and specify the circumstances in which it would be appropriate to do so.
- 9.3 When setting remuneration policy for executive directors, review and have regard to pay and employment conditions especially when determining annual salary increases, bonus payments

and long-term incentives and consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

- 9.4 Assess the on-going appropriateness and relevance of the remuneration policy.
- 9.5 Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package (including bonuses, incentive payments and long-term incentive plans) of each executive director and all other members of the executive committee, including the Company Secretary.
- 9.6 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of UKIB but within any budgetary restraints imposed by the Board.
- 9.7 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 9.8 Following the determination of the corporate performance of the business (for the previous financial year) by the Board, consider and make recommendations to the Board for the performance ratings for the corporate elements of the bonus schemes and long-term incentives operated by UKIB.
- 9.9 Approve the design of, and determine targets for, any bonus schemes and long-term incentives operated by UKIB and approve the total annual payments made under such schemes (in accordance with the provisions in the Code).
- 9.10 Determine the policy for, and scope of, pension arrangements for employees.
- 9.11 Ensure, taking into account the principles of Managing Public Money, that contractual terms on termination, and any payments made, are fair to the individual and UKIB, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 9.12 Oversee any major changes in employee benefits structures.
- 9.13 Agree the policy for authorising claims for expenses from the directors.

## **10. Reporting responsibilities**

- 10.1 The Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall compile a report on its activities to be included in UKIB's Annual Report and Accounts in line with the requirements of the Code.
- 10.4 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code, are fulfilled and produce a report of UKIB's remuneration policy and practices to be included in the Annual Report and Accounts.

- 10.5 If the Committee has appointed remuneration consultants, the annual report of UKIB's remuneration policy should identify such consultants and state whether they have any other connection with UKIB or individual directors.

## **11. Other matters**

The Committee shall:

- 11.1 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.
- 11.2 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.
- 11.3 Give due consideration to laws and regulations, the relevant principles and provisions of the Code and any other applicable rules or guidelines, as appropriate.
- 11.4 Oversee any investigation of activities which are within its terms of reference.
- 11.5 Work and liaise as necessary with all other Board Committees.
- 11.6 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 any changes it considers necessary to the Board.

## **12. Authority**

The Committee is authorised to:

- 12.1 Seek any information it requires from any employee of UKIB in order to perform its duties.
- 12.2 Investigate any matter within its terms of reference.
- 12.3 Obtain, at UKIB's expense, independent legal, accounting or other professional advice on any matter it believes is necessary.
- 12.4 Call any employee to be questioned at a meeting of the Committee as and when required.
- 12.5 Have the right to publish in the Annual Report and Accounts details of any issues that cannot be resolved between the Committee and the Board.