



UK Infrastructure Bank Limited

(Company Number: 06816271)

Terms of Reference for the Board

Throughout this document, “AA” shall mean the Articles of Association of UK Infrastructure Bank Limited and “FD” shall mean the Framework Document. “UKIB” will mean UK Infrastructure Bank Limited. All other definitions will refer to those in the FD.

1. Purpose and Objectives

1.1 The Board, along with the executive team, will run the day-to-day operations of UKIB within the parameters set out in the FD. The Board and the executive team are accountable to the Shareholder for the performance of UKIB (FD 1.3.6).

1.2 The Board will run UKIB in accordance with the FD and with their statutory, regulatory, common law and fiduciary duties, and to deliver the Strategic Objectives. The responsibilities of the Board shall include, amongst other things (FD 5.8),

- (a) Establishing and taking forward the aims and objectives of UKIB as set out in the Strategic Objectives subject to Shareholder approval. These should be consistent with UKIB’s overall Strategic Plan and within the policy and resources framework determined by the Shareholder;
- (b) Developing, updating and approving the multi-year Strategic Plan and the annual operating plan and budget;
- (c) Ensuring that UKIB’s activities are conducted in accordance with the Operating Principles;

- (d) Providing effective leadership of UKIB within a framework of prudent and effective controls which enables risk to be assessed and managed;
- (e) Ensuring the financial and human resources are in place for UKIB to meet its Strategic Objectives;
- (f) 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;
- (g) Reviewing management performance;
- (h) 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;
- (i) Demonstrating high standards of corporate governance at all times, including by using UKIB's audit and risk committee to help the Board to address key financial and other risks;
- (j) 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 delegated authority agreed with the Shareholder, and in accordance with any other conditions relating to the use of or risk to public funds;
- (k) If required, 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; and

- (l) Determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by UKIB of the Strategic Objectives.

1.3 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 (FD 5.8.2).

1.4 The AO has responsibilities to the Board as set out in FD 5.7.9 and the process for managing disputes between the Board and the AO is set out in 5.7.10.

1.5 At the request of the Shareholder, the Board or its representatives shall:

- (a) Meet the Shareholder or their representatives with reasonable notice to discuss the affairs of UKIB; and
- (b) Provide such information in relation to the affairs of UKIB as the Shareholder may reasonably require, while also respecting the operational independence of UKIB (FD 5.8.3).

2. Membership

2.1 UKIB must have a minimum of two directors and shall not be subject to any maximum (AA 71). The Board comprises the Non-Executive Chair, other Non-Executive Directors (including the Shareholder Representative Director), the CEO and other Executive Directors. All will be company directors within the meaning of the Companies Act 2006 (FD 5.11).

- 2.2 The Board shall be no larger than 10 members, unless otherwise agreed with the Shareholder. This will include as an executive and voting Board member an appropriately qualified finance director as described in Annex 4.1. of Managing Public Money (FD 5.11).
- 2.3 The Board must contain a balance in favour of Non-Executive Directors whom the Board considers to be independent (FD 5.11).
- 2.4 The Shareholder shall appoint the chair of the Board, the directors and a person to act as the Shareholder Director (AA 74) and (FD 5.2.3). The Shareholder will appoint the chair and other non-executive directors for a term of three years, subject to satisfactory annual appraisal. The chair and non-executive directors may be reappointed for up to two further terms of three years, subject to mutual agreement and meeting required performance standards (FD 5.2.3.)
- 2.5 The chair is accountable to the Shareholder. Engagement between UKIB's Board and the Shareholder should, in the first instance, be through the chair engaging with the Shareholder Representative (FD 5.9.1.)
- 2.6 The chair is responsible for leading the Board in the delivery of its responsibilities and objectives (FD 5.9.2). Further duties of the Chair are set out in FD 5.9.
- 2.7 The Shareholder reserves the right to request that an observer attends all or part of specific Board meetings (FD 5.11).

3. Delegation to Committees

- 3.1 The directors can delegate any of their powers or discretions to committees of one or more persons. If the directors have

delegated any power or discretion to a committee, the AA shall apply to the exercise of those powers or discretions. Any committee must comply with the regulations laid down by the directors. These regulations can require or allow people who are not directors to be members of the committee and can give voting rights to such people (AA 93).

- 3.2 It is the responsibility of the Board to establish the following committees of the Board: the Audit and Risk, Remuneration and Nomination Committees (FD 5.12). The membership and terms of reference of each committee shall be determined by the Board and reviewed and updated as necessary by the Board, on at least an annual basis. The Shareholder Representative Director must always be a member of the Audit and Risk, Remuneration and Nomination Committees.

4. Meetings

- 4.1 The directors can decide when and where to have meetings and how they will be conducted. They can also adjourn their meetings. A directors' meeting can be called by any director. The secretary must call a directors' meeting if asked to by a director (AA 86).
- 4.2 If the chair is at a directors' meeting they will chair it. If there is no chair present within 5 minutes of the time when the directors' meeting is due to start, the directors who are present can choose which one of them will be the chair of the meeting (AA 90).
- 4.3 All or any of the directors can take part in a meeting of the directors by way of a conference telephone or any communication equipment which allows everybody to take part in the meeting by being able to hear each of the other people at the meeting and by being able to speak to all of them at the same time. A person

taking part in this way will be treated as being present at the meeting and will be entitled to vote and counted in the quorum.

- 4.4 Subject to AA 69 (the Shareholder's right to appoint an alternate director), each director may appoint any person to be their alternate and may at their discretion remove an alternate director as appointed. Appointment of the alternate shall comply with the procedure set out in the AA (AA 76).
- 4.5 A director or any other person may act as an alternate director to represent more than one director. 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, but they shall count as only one for the purposes of determining whether a quorum is present. Signature by an alternate director of any resolution in writing of the Board shall, unless the notice of appointment provides to the contrary, be as effective as signature by the appointer (AA 76).

5. Notice of Meetings

- 5.1 Meetings are called by giving notice to all the directors. Notice is treated as properly given if it is given personally, by word of mouth or in writing 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 (AA 87).
- 5.2 The Board may send notices, agendas and supporting papers in electronic form.

6. Quorum

- 6.1 Subject to the conditions in 7.2, the quorum necessary for the transaction of business at a Board meeting shall be **three** members one of whom shall be the Shareholder Director (or an alternate director appointed by the Shareholder Director), and one of whom shall be an executive director (or an alternate director appointed by an executive director), present in person or by audio or video conference (AA 88).
- 6.2 The conditions are that (a) a Shareholder Director has been duly appointed and remains in office; and (b) such director is not precluded under these articles or the Companies Acts from counting in the quorum in relation to the business to be considered at a meeting. If these conditions are not met in respect of any Board meeting the quorum for that meeting shall be three directors one of whom shall be an executive director (or an alternate director appointed by an executive director).
- 6.3 If a director ceases to be a director at a directors' 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.
- 6.4 A directors' meeting at which a quorum is present can exercise all the powers and discretions of the directors (AA 91).

7. Voting Arrangements

- 7.1 Matters to be decided at a directors' meeting will be decided by a majority vote. If votes are equal, the chair of the meeting has a second, casting vote (AA 92).

8. Written Resolutions

8.1 A resolution in writing must be signed by all of the directors who at the time are entitled to receive notice of a directors' meeting and who would be entitled to vote on the resolution at a directors' meeting, and who together meet the quorum requirement for directors' meetings. This kind of resolution is just as valid and effective as a resolution passed by those directors at a meeting which is properly called and held. The resolution can be passed using several copies of the resolution if each copy is signed by one or more directors (AA 95).

9. Minutes of Meetings

9.1 The secretary of the Board shall minute the proceedings and resolutions of all Board meetings, including the names of those present and in attendance.

9.2 Draft minutes of Board meetings shall be agreed with the Board chair and then be circulated promptly to all Board members, unless in the Board chair's opinion it would be inappropriate to do so. Once approved, minutes shall be circulated to all other board members and the company secretary unless, exceptionally, it would be inappropriate to do so.

10. Conflicts of Interest

10.1 The chair of the Board shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and the secretary shall minute them accordingly.

Full detail about what constitutes a conflict of interest or "relevant interest" are set out in the AA (AA 80), but a summary is set out in these terms of reference below.

- 10.2 A director seeking authorisation in respect of a conflict must tell the directors of the nature and extent of their interest in a conflict as soon as possible. The director must give the directors sufficient details of the relevant matter to enable them to decide how to address the conflict together with any additional information which they may request (AA 80).
- 10.3 The procedures for either authorising a conflict of interest or other “relevant situation” or addressing the conflict through other means are set out in AA 80.
- 10.4 A director cannot vote or be counted in the quorum on a resolution of the directors relating to appointing that director to a position with the company or a company in which the company has an interest or the terms or the termination of the appointment. This applies if the directors are considering proposals about appointing two or more directors to positions with the company or any company in which the company has an interest. It also applies if the directors considering setting or changing the terms of their appointment. These proposals can be split up to deal with each director separately. If this is done, each director can vote and be included in the quorum for each resolution, except any resolution concerning that director or concerning the appointment of another director to a position with a company in which the company is interested where the director has a relevant interest in it (AA 80).
- 10.5 A director cannot vote or be counted in the quorum on a resolution of the company about a contract in which that director has an interest and, if the director does vote, that vote will not be counted, but this prohibition will not apply to any resolution where that interest cannot reasonably be regarded as likely to give

rise to a conflict of interest or where that interest is including in the list in AA 80.4(iii).

10.6 If a question comes up in a meeting of the directors about whether a director (other than the chair of the meeting) has an interest in a contract and whether it is likely to give rise to a conflict of interest or whether the director can vote or be counted in the quorum and the director does not agree to abstain from voting on the issue or not to be counted in the quorum, the question must be referred to the chair of the meeting. The chair of the meeting's ruling about any other director is final and conclusive unless the nature or extent of the director's interest (so far as it is known to them) has not been fairly disclosed to the directors.

10.7 If the question comes up about the chair of the meeting, the question shall be decided by a resolution of the directors. The chair of the meeting cannot vote on the question but can be counted in the quorum. The directors' resolution about the chair of the meeting is conclusive unless the nature or extent of the chair's interest (so far as it is known to them) has not been fully disclosed to the directors (AA 80).

11. General Matters

The Board shall:

11.1 Consider other duties determined by the Board from time to time.

11.2 Have access to sufficient resources to carry out its duties, including access to the company secretary for assistance and advice, 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 on-going basis for all members.

11.4 Give due consideration to all applicable laws and regulations, in particular:

- (a) the directors' duties contained in the Companies Act 2006 and the provisions of the UK Corporate Governance Code;
- (b) the principles and provisions of the Financial Reporting Council's UK Corporate Governance Code (the Code) to the extent appropriate to UKIB (FD 5.1.3);
- (c) the principles and provisions of the Corporate Governance in Central Government Departments Code of Good practice to the extent appropriate to the Company;
- (d) Managing Public Money;
- (e) Take into account, as far as practicable and appropriate with respect to the Company, the relevant Green Book guidance when appraising investment opportunities; and
- (f) Take into account, as far as practicable and recognising that the necessary processes will take time to introduce after the initial phase of operations, the codes of good practice and guidance set out in the FD, as they apply to arm's length bodies. (FD 5.1.3)

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.

11.5 Work and liaise as necessary with all the Board committees and ensure that interaction between committees and the Board is reviewed regularly.



11.6 Arrange for periodic reviews of its own performance and, at least annually review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary for approval. An externally facilitated Board evaluation must take place at least every three years (FD 5.9.5).

Adopted at the Board meeting of the Company on [DATE].