

Summary Minutes of a meeting of the Board of British International Investment plc (BII)

Held at 123 Victoria Street, London SW1E 6DE and by videoconference on Friday 22 July 2022 at 09.00 hrs

Present: Diana Layfield (Chair)
Andrew Alli*
Dolika Banda
Kathryn Matthews*
Krishnakumar Natarajan
Nick O'Donohoe
Carolyn Sims*
Laurie Spengler
Chris Woodruff
**By videoconference*

In attendance: Jane Earl (Company Secretary)
Simon Rowlands (Observer)
Samir Abhyankar*
Colin Buckley* (and items 4 and 7)
Liz Lloyd* (and items 5 and 7)
Tony Morgan* (and items 5 and 8)
Srini Nagarajan* (CDC India Advisers Pte Ltd)
Stephen Priestley*
Holger Rothenbusch*
**By videoconference and Executive Committee members (ExCo) for items 2 and 3 only except where indicated above*

1. Introduction and conflicts of interest

The Chair welcomed Simon Rowlands to the meeting as an observer (see Minute 1898 below). There were no conflicts of interest to note other than those contained within the Company Secretary's report.

2. CEO and Management report

Nick O'Donohoe introduced the CEO and management report. In addition to reviewing the probability adjusted pipeline and performance against the corporate objectives, updates were also received from the regional Heads on economic matters and initiatives in local markets.

The impact of the weakness of sterling against the dollar was also discussed. The management team were commended on BII's leadership in impact management and

measurement as evidenced by the independent verification of performance against the Operating Principles for Impact Management.

Areas of concern remained the macro-economic vulnerability in BII's markets, liquidity, and employee retention.

The Chair thanked the CEO and the management team for their report.

3. Liquidity policy: commitment cover

The paper explaining the context for seeking a reduction in the commitment coverage ratio was presented. The Board approved a temporary waiver of the commitment ratio until 2024. In addition, it was agreed that the management team would look at various scenarios for planning and tracking purposes which would be shared with the Risk and/or the Audit and Compliance committees to ensure there was appropriate oversight.

4. Potential extension of BII activities

It was reported that the FCDO had requested BII to scope a potential extension to its investment operations. The Board was supportive of BII continuing to explore potential options while setting out some key areas upon which any extension would be contingent.

5. Performance deep-dive (financial and impact)

The performance deep-dive on both financial and impact performance was presented covering both financial and impact performance.

2021 had seen a robust recovery in financial returns and the increased diversification of the portfolio had been beneficial in overall terms but the impact of investing in US dollars and reporting in Sterling continued to be a concern.

Impact had been measured against the current strategic priorities of Productive, Sustainable and Inclusive providing a baseline for future reporting.

Looking forward, the performance analysis supported the 2022-2026 strategy and business plans which included the planned build-up of the debt portfolio, the regions, and the diversification across the three sector groups.

6. Reports from the Board committees

(i) Development Impact committee (DevCo)

Chris Woodruff, Chair, reported on the recent meeting of DevCo at which Impacting Scoring and Impact Principles had been discussed along with an update on Gender and Diversity and the activities of MedAccess.

(ii) Audit and compliance committee

Andrew Alli, Chair, reported on the recent meeting of the Audit and Compliance committee. A key focus of the meeting was the report from the Head of Compliance including the review of whistleblowing arrangements, the new complaints handling process and a review on regulatory activities.

(iii) Risk committee

Kathryn Matthews, Chair, reported on the recent meeting of the Risk committee. The committee had received the Quarterly Risk Review which had provided an update on the material risk exposures and recent events affecting BII's risk profile. In addition, the committee had received a briefing from the Special Situations Team and the approved proposed changes to fraud and corruption incident reporting and governance. The committee had approved the proposed methodology for new Single Obligor and Group limits and the relevant updates to the IC Terms of Reference (see below minute 1897). Updated Terms of Reference for the committee were also approved.

(iv) People Development and remuneration committee (PremCo)

Dolika Banda, Chair, reported on the recent meeting of PremCo. Topics discussed included the results of the Employee engagement survey, talent management and talent attraction as well as understanding the work being undertaken on organisational design.

7. Annual safeguarding report and letter of assurance

A review had been undertaken of BII's safeguarding-related activities from July 2021 to June 2022 as set out in the report to the Board.

The Board was advised that the review had concluded that BII had in place adequate safeguarding policies, procedures and measures to protect third parties and staff. There was however a recognition that more could always be done and, in particular,

evidence suggested there had been a general increase in gender-based violence in BII's markets which would continue to be monitored and any impact addressed.

The Board approved the letter of assurance to be sent to FCDO and authorised the Chair to sign the letter for and on behalf of the Board.

8. Investment Committee process related items

(i) Amendment to IC Terms of Reference: Venture Capital (VC)

It was reported that the Board had approved changes to the Investment Committee (IC) process in order to increase the efficiency of and level of delegation within BII's investment decision making process. Subsequent to those changes, a further change was required to improve the VC investment decision making process within the recently approved venture portfolio risk limit framework which was approved.

(ii) Climate Innovation Facility (Project Kinetic)

A formal resolution was approved which documented the delegation of authority to approve investments in relation to the Climate Innovation Facility. In this context, the Board approved the new IC composition and quorum provisions and the related changes to the IC Terms of Reference.

(iii) Single risk limit

It was reported that the Risk committee had approved a new single limit framework comprised of three different but complementary Single Group limits. The Board approved the required changes to IC Terms of Reference noting that the Investment Process manual would be amended to reflect these changes.

9. Company Secretary's report

The Company Secretary presented her report.

The Board approved the appointment of Simon Rowlands as a non-executive Director of British International Investment plc with effect from the conclusion of the meeting.

It was further noted that the Shareholder had confirmed a one-year extension to Laurie Spengler's tenure as their nominated non-executive Director and all the Board Directors had been re-elected at the statutory annual general meeting.

In addition, the Board ratified the issuance of five powers of attorney signed under the General Power of Attorney as set out in the report.

10. Employee related items:

(i) Employee Forum update

Laurie Spengler provided an update on the discussions held with the Employee Forum (EF).

It was noted that within the Terms of Reference (ToR) EF members held office for two years. As the EF had been operating for 18 months, plans were being put in place to refresh the membership while taking advantage of the staggering provisions within the ToRs so that not all the members retired at the same time. In this context the Board confirmed Laurie Spengler's appointment as the designated NED for a further 12 months.

(ii) Employee Engagement survey

The results of the recent employee engagement survey were presented. Participation at 84% had been high and the results had shown general improvement on most topics including around line management, and a very positive response had been received on hybrid working. Areas for further engagement included inclusion and furthering the 'speak up culture'. A management action plan was being developed in response to the issues raised.

11. Global Affairs update

The Global Affairs update was presented and noted.

12. Minutes

The minutes of the meeting held on 22 April 2022 were approved. The summary minutes of the meeting held on 22 April 2022 were approved for publication.

The matters arising from the minutes were noted.

13. Termination

There being no further business the meeting closed at 15.15 hrs.

Approved by the Board on 20 September 2022