



UBICO LIMITED

Ubico Board of Directors

Terms of Reference

DOCUMENT HISTORY

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This document has been approved by;

Date	Name	Job Title
February 2024	Board of Directors	

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1.0	February 2024	New document

These terms of reference should be read in conjunction with the Articles and the Shareholder Agreement. In the event of any inconsistency or contradiction, the Articles and the Shareholder Agreement shall prevail.

These terms of reference will be reviewed as a minimum every two years.

Objective

The object of the company is to provide services to public bodies and other bodies (as considered appropriate by the shareholders provided that such services remain incidental to the primary aim of providing services to public bodies).

The board is responsible for the supervision and management of the company and its business.

Key responsibilities

Under the UK Corporate Governance Code, the principles for board leadership and company purpose include the following, which must be upheld by the board of directors:

- Promoting the long-term sustainable success of the company.
- Establishing the company's purpose, values and strategy.
- Establishing the framework of prudent and effective controls which enable risk to be managed.
- Ensuring effective engagement with shareholders and stakeholders.
- Ensuring policies and practices are consistent with the company's values and support its long-term success.

Specific areas of work include:

- Overseeing the company's five-year strategy and recommending it to shareholders.
- Ensuring that the company has the necessary financial, human and other resources in place to achieve its aims, priorities and plans. It will be supported in this by the Governance and Nominations Committee.
- Monitoring and steering the company's performance against the annual business plan and longer-term strategic goals.
- Taking responsibility for accounting for the company's activities to relevant parties, e.g., the shareholders.

- Monitoring the health and safety and compliance performance of the company and seeking evidence that appropriate controls are in place and are effective. It will be supported in this by the Risk and Audit Committee.
- Setting the risk appetite for the company and seeking evidence that controls are in place to manage risk effectively.
- Seeking evidence of the assurance framework across internal and external controls. It will be supported in this by the Risk and Audit Committee.
- Scrutinising financial information and seeking evidence that financial controls across the company are robust and defensible. It will be supported in this by the Risk and Audit Committee.
- Reviewing and approving the company's key policies. It will be supported in this by the Governance and Nominations Committee.
- Supporting the executive team in any external activity when it is deemed appropriate or necessary for the promotion of the company.

To assist the board in achieving its aims, the executive will provide the board with sufficient clear, consistent, timely and comparable performance information for each of its meetings.

Membership

The appointment of directors is a reserved matter for shareholder decision. All shareholder appointed directors are members of the board, and will include independent non-executive directors, local authority nominated non-executive directors, and executive directors.

The number of directors of the company shall not be less than four. There must be at least one local authority director, one independent director and one executive director. The maximum number of directors shall be thirteen, consisting of at least three independent directors, three executive directors and either no more than seven local authority directors with each shareholder appointing one local authority director, or three local authority directors jointly appointed by the shareholders. If three local authority directors are jointly appointed by the shareholders, the maximum number of directors shall be nine.

No director shall serve more than six consecutive years (consisting of two terms of three years).

Frequency of meetings

The directors shall hold a meeting at least four times a year, with no two meetings being held more than three months apart.

Voting

Each director shall have one vote. A decision by the directors must be either by a majority decision or where all directors indicate that they share a common view on a matter. The chairman or other director chairing the meeting will not have a casting vote.

The relevant provisions of the Companies Act 2006 (including without limitation section 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the company.

Chair

The Independent chair of the board will chair the meetings. If the chair is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

The role of the chair is to ensure that the meetings are conducted efficiently and effectively. They shall demonstrate objective judgement and promote a culture of openness and debate.

Vice chair

A vice chair will be nominated for election by members of the board. Board members may put themselves forward for the role or be nominated by others. An election will take place every three years, or sooner if the current post holder steps down.

Directors' duties

Under the Companies Act 2006 the directors are under a duty to:

- Act in accordance with the company's constitution and only exercise powers for the purposes for which they were granted.
- Promote the success of the company for the benefit of its members as a whole.
- Exercise independent judgment.
- Exercise reasonable care, skill and diligence.
- Avoid conflicts of interest.

- Not accept benefits from a third party by reason of being a director, or by reason of doing (or not doing) anything as a director.
- Declare any interest in a proposed transaction or arrangement with the company.

Under the UK Corporate Governance Code 2018 the independent directors should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

Records of decisions

The executive directors will ensure that appropriate minutes are kept of all board meetings, noting the proceedings and decisions of the meetings.

A record must be kept of every unanimous or majority decision taken by the directors, in writing, for at least ten years from the date of the decision recorded.

Quorum

The quorum must comprise of two thirds of the directors including at least one local authority director, one independent director and one executive director.

If the total number of directors is less than the quorum required, the directors must not take any decision other than a decision:

- to appoint further directors, or
- to call a general meeting so as to enable the shareholders to appoint further directors.

Board effectiveness

The effectiveness of the board and its sub-committees will be formally reviewed every three years.

Shareholder communications

The board will ensure there is ongoing two-way communication between the board and the company's shareholders.

The board will appoint a 'link' non-executive director for each shareholder who does not have an officer appointed as a non-executive director (NED) on Ubico's board. The 'link' NED will develop a reciprocal relationship with key representatives from their nominated shareholder council in line with the board's Protocol for Shareholder Link NEDs.

Committees

The board is supported by the following committees which will be chaired by a member of the board:

- the Risk and Audit Committee (RAC), chaired by an independent non-executive director.
- the Governance and Nominations Committee (G&N), chaired by a non-executive director.

The chair and committee members for each committee will be nominated and elected by the board of directors every three years, or sooner if a postholder steps down.

The Risk and Audit Committee will consider the following matters:

Area	Authority*
Risk management strategies	To consider risk management strategies and make recommendations to the board.
Assurance framework Internal controls assurance	To approve the company's assurance framework. To review internal controls and review and approve internal assurance reports.
Financial arrangements	To review the company's financial reports, arrangements and policies, including the annual accounts and audit findings, and make recommendations to the board. To approve the annual external audit plan and associated fees. To recommend to the board the appointment of the external auditors.

Insurance arrangements	To approve the insurance arrangements for the company.
Internal audit plan and audit reports	To approve the annual internal audit plan, to review audit reports and management responses.
Health and safety	To review health and safety reports and make recommendations to the board.
Fraud management procedures	To review, on an annual basis, the company's procedures for detecting fraud.
Risk management strategies	To review risk management strategies and make recommendations to the board.
Risk management	To develop and monitor the annual risk management strategy and risk exposure/matrix (the risk register). To consider strategic risks as a standing item at each meeting of the committee. Review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

The committee will also contribute to the business plan in relation to risk and audit issues. The committee will consider other matters as directed from time to time by the board.

Governance and Nominations Committee will consider the following matters:

Area	Authority*
Annual review of the composition of the board	To review the composition of the board annually and as appropriate make recommendations to the board.
Director applicants	To recommend to the board all director applicants.
Director performance reviews	To approve the process for formal performance reviews for all directors.
Board of Directors mandatory agenda items	To approve the mandatory list of board agenda items annually.
Policies to be presented for board approval, and the recommended frequency of their review	To approve the list of policies to be routinely presented for board approval.
Director remuneration	To approve remuneration changes and recommend to board and AGM (EGM or by written resolution).

The committee will consider other matters as directed from time to time by the board.

The board will ensure that any committee to which they delegate any of their powers shall follow procedures which are based on the provisions of the Articles and the Shareholders Agreement. The committees shall have the required mix and balance of skills, experience, knowledge of the company's business to ensure their effectiveness.

*The authority granted to the committees is subject to the following:

- The committees must refer any decisions back to the board if they might:
 - result in a significant change to company practice;
 - be challenged by shareholders or require shareholder approval;
 - result in an amendment to any current projects or business plan objectives previously approved by the board;
 - require the reassignment of significant staff, finances or other resources;
 - represent a material risk to the company or its shareholders.

Where any one of these criteria is met, the committee will refer the decision to the board with a clear recommendation.

Liability of members

The company shall arrange directors and officers liability insurance to cover the roles of the managing director, finance director and the operations director, and the independent directors.

The shareholders who nominated the local authority director shall be responsible for providing directors and officers liability insurance for the local authority director.