

**UBICO LTD**  
**BOARD OF DIRECTORS 11 AUGUST 2014**  
**Revised governance for an extended partnership**

**TERMS FOR NEW JOINERS AND CHANGES TO GOVERNANCE ARRANGEMENTS**

Following discussions with officers at the various councils currently interested in joining Ubico, the Board recommends the following Terms for New Joiners and Changes to the Governance arrangements:

**A. General Terms for Joining Ubico**

- Payment to CBC and CDC as a contribution towards set up costs including professional time spent on setting up the Company and associated risks taken by CBC and CDC.
- Upon receipt of at least 6 months prior written notice (unless otherwise agreed by the Shareholders) to the Shareholders and Ubico, a share will be issued if:
  - A convincing Business Case setting out the benefits to the Shareholders is submitted to and approved by the Shareholders;
  - There is no detrimental or negative impact to any Shareholder as a consequence of the New Joiner becoming a shareholder (to be evidence based); and
  - The New Joiner enters into a contract for services with Ubico upon the issue of a share in the Company.

**B. Board Level**

- Shareholder appointed Directors will continue to be Officers of the shareholding council.
- Member Observers should be discontinued. A Member Observer from Cheltenham was agreed at the time of the establishment of Ubico but Member Observers are now considered inappropriate given;
  - a) the shareholder control over the appointment and removal of directors.
  - b) the contract monitoring arrangements in place via the Members Quarterly Performance Monitoring meetings.
  - c) the proven track record of the company.In addition, their input would not be operationally feasible given the number of potential new shareholders. The Shareholder Board Directors have agreed to liaise with and brief Members as requested prior to or following Board meetings. Commissioners/client officers also receive the Board papers and may ask questions of any Director at any time.
- The quorum will comprise two thirds of shareholder appointed directors and half of other Directors of the Board.
- The aim will always be to achieve a consensus but the default position will be that decisions will be by majority.
- All Director votes will count.
- The Chair will be a Non Executive Director and will not have a casting vote.

**C. Shareholder Level**

- The quorum shall be 75% of shareholders.
- The Chair will be the Chair of the Board of Directors who will not have a vote.

- The aim will always be to achieve a consensus but the default position on reserved matters is detailed in section D – Reserved matters.

#### D. Reserved Matters

	In current agreement	Recommendation to Shareholders
1.	Varying in any respect the Articles or the rights attaching to any of the shares in the Company.	Delete (special resolution)
2.	Permitting the registration of any additional Shareholder of the Company.	Retain Decision- By majority
3.	Passing any resolution for its winding up or presenting any petition for its administration (unless it has become insolvent).	Delete (special resolution)
4.	Adopting or amending the Business Plan in respect of each Financial Year.	Retain Decision- By majority
5.	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not).	Retain Decision- By majority
6.	Amalgamating or merging with any other company or business undertaking.	Retain Decision: By Not less than 75%
7.	Entering into any arrangement, contract or transaction with either a capital or revenue value over £100,000.00.	Amend: Entering into any arrangement, contract or transaction with either a capital or revenue value over £250,000 which is not included in the current approved business plan  Decision- majority
8.	Agreeing the appointment and the appointment terms (including any remuneration terms) of all directors of the Company other than Shareholder appointed directors.	Retain Decision- By majority
9.	Agreeing any remuneration terms for Shareholder appointed directors.	Retain Decision- By Not less than 75%
10.	Agreeing changes in employment terms and conditions which would be inconsistent with the National Joint Council Agreement on Pay and Conditions of Service and any changes to the pay and grading structure of employees of the Company.	Delete
11.	Entering into any arrangement, contract or transaction which is not within, ancillary or	Delete (see reserved matter 4 and 7)

	incidental to the Company's Business or is otherwise than on arm's length terms.	
12.	Increasing, reducing, sub-dividing, consolidating, re-denominating, cancelling, purchasing or redeeming any of the capital of, or allotting or issuing any shares or other securities in the capital of, the Company.	Retain Decision: By Not less than 75%
13.	Altering any rights attaching to any class of share in the capital of the Company, or creating any option, warrant or any other right to acquire or subscribe for any shares or other securities in the capital of the Company.	Retain Decision: By Not less than 75%
14.	Declaring, authorising or making dividends or distributions of assets of any kind to a Shareholder.	Delete