

TelecomPlus

Corporate Governance



Corporate Governance Statement

The Board is pleased to report that during the year and as at the date of this Annual Report the Company has applied the main principles and complied with the provisions of the UK Corporate Governance Code (“the Code”) issued by the Financial Reporting Council in July 2018, save in the limited instances explained below. Copies of the Code are available at www.frc.org.uk.

This report, together with the Director’s Report on pages 74 to 77 and the Directors’ Remuneration Report on pages 57 to 73, provides details of how the Company has applied the principles and complied with the provisions of the Code and where required explains the rationale for instances where the Company has not been compliant, namely: (i) the external facilitation of a Board evaluation exercise; and (ii) the requirement for share awards to be phased rather than being granted in blocks. Further detail in relation to the Company’s position regarding performance-related elements of remuneration is set out in the Directors’ Remuneration Report.

The Board of Directors

The Board meets regularly to review the progress of the Company and to discuss the measures required for its future development. Directors are provided in advance with a formal agenda of matters to be discussed at each meeting, and with the detailed information needed to monitor the progress of the Company. Records of meetings and the decisions of the Board are maintained by the Company Secretary and are approved by the Board at the following meeting. All directors have access to the advice and services of the Company Secretary and, if required,

are able to take independent advice at the Company’s expense in the furtherance of their duties. Any question of the removal of the Company Secretary is a matter for the Board as a whole. Whilst the members of the Board are all experienced and well qualified, the opportunity to receive further training at the Company’s expense is available to them. The non-executive directors attended such formal, externally facilitated courses as they considered relevant to their roles and responsibilities during the year.

Board duties

The matters specifically reserved for decision by the Board are fully documented and include the following principal areas:

- reviewing and agreeing the Company’s strategy and long-term objectives;
- assessing performance in the light of the Company’s strategy and objectives;
- ensuring an effective system of risk management and internal controls is in place;
- approving changes to the structure, size and composition of the Board and reviewing its performance on an annual basis;
- reviewing the Company’s overall corporate governance arrangements; and
- approval of the Company’s financial statements prior to publication.

Matters that are specifically delegated to the committees of the Board are documented in the various Terms of Reference of each committee which are available on the Company’s website (www.uw.co.uk).

Table of attendance at formal meetings during the year ended 31 March 2020

Name of Director	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings	10	3	3	-
Charles Wigoder	10	-	-	-
Julian Schild	10	3	3	-
Andrew Lindsay	10	-	-	-
Nick Schoenfeld	10	-	-	-
Andrew Blowers	10	3	3	-
Beatrice Hollond	9	3	3	-
Melvin Lawson	9	-	-	-

In accordance with provision 12 of the Code, the non-executive directors also met without the executives present during the year.

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Board evaluation

The directors recognise that the Code requires an external evaluation of the boards of FTSE 350 companies to be carried out at least every three years. However, the directors considered the position in relation to the current year and concluded that an external evaluation was not necessary. In reaching this conclusion the directors were mindful of the effective operation of the Board during the year and the results of the internal Board evaluation exercise detailed below. The Board considers it unlikely that an external evaluation will be conducted in the medium-term.

An internal evaluation of the Board for the current year was conducted through the completion of formal detailed board, and board committee evaluation questionnaires by each director. A review of the results, led by the Deputy Chairman and Company Secretary, principally covered the following areas: specific matters of concern arising from the questionnaires, directors' performances and any key objectives for the coming year.

The evaluation questionnaires were focussed on assessing effectiveness in the following key areas:

- the size and balance of the Board;
- the quality of board debates and its decision-making processes;
- the individual contributions made by each director;
- the Chairman's approach to leadership;
- the non-executive directors' challenge of the executive directors;
- the Board's approach to identifying and mitigating key business risks;
- the quality of the Company's communications with key stakeholders;

- the Board's consideration of diversity and succession planning; and
- the induction and training of board members.

In accordance with provision 12 of the Code and building on the results of the evaluation questionnaires, the Deputy Chairman led a separate evaluation of the performance of the Chairman. This evaluation principally comprised a review of the Chairman's leadership style and tone in promoting effective decision-making and ensuring constructive and sufficient debate took place around key issues. The results of this evaluation were entirely satisfactory.

The overall conclusion reached was that the Board and its Committees had operated satisfactorily during the year, with all directors making an effective contribution to the Board commensurate with their experience and responsibilities.

However, in the light of some of the responses received to the questionnaire, the Board have decided to provide any additional formal training requested by Board members in future.

Board balance

The Board comprised three executive directors and four non-executive directors at the year end. Julian Schild acted as the Company's Deputy Chairman and Senior Independent Non-Executive Director.

Membership of each committee of the Board is set out in the table below:

Name of Director	Remuneration Committee	Audit Committee	Nomination Committee
Charles Wigoder	-	-	✓
Julian Schild*	✓	Chairman	✓
Andrew Lindsay	-	-	-
Nick Schoenfeld	-	-	-
Andrew Blowers*	Chairman	✓	-
Beatrice Hollond*	✓	✓	Chairman
Melvin Lawson	-	-	-

* indicates independent non-executive directors

The Code sets out circumstances which are likely to impair, or could appear to impair, a non-executive director's independence. These circumstances include serving on the board for more than nine years from the date of appointment. Julian Schild, non-executive Deputy Chairman during the year, was appointed to the Board in May 2010 and has therefore served over nine years as a director. Nonetheless, the Board considers that the independence of Mr Schild has not been negatively impacted by his long service on the Board and that he continues to provide robust and constructive challenges to the executive directors on a regular basis by using his long-established knowledge of the Company and extensive previous experience as an executive director of a listed company. Furthermore, none of the other circumstances listed in the Code as potentially impacting independence apply to Mr Schild. However, in the light of his long service on the Board, it has been agreed that Mr Schild will step down from his role as non-executive Deputy Chairman and from his memberships of the Remuneration Committee and Nomination Committee following the Company's forthcoming AGM. Mr Schild will continue as Chairman of the Audit Committee given his relevant accounting experience and knowledge of the business.

Following these changes Beatrice Hollond will become the Company's Senior Independent non-executive director and, newly appointed non-executive director Suzi Williams will join both the Remuneration Committee and the Nomination Committee.

Board diversity

The main objective of the Nomination Committee in considering the appointment of new directors to the Board remains to ensure that successful candidates are of the highest calibre and demonstrate the best possible combination of skills and experience. The Committee's Terms of Reference further stipulate that candidates from a wide range of backgrounds shall be considered and that due regard will be given to the benefits of diversity on the Board.

The Code requires companies to set out any measurable objectives that exist in relation to board diversity. However, it remains the Committee's strong view that it is not appropriate to stipulate the characteristics of any future directors, including gender, ahead of a full assessment of the particular requirements of each role at the time a candidate is being sought. The Committee will continue to adhere to the principles set out above in identifying and recruiting the best candidates for any future Board roles in a non-discriminatory manner.

Nonetheless, as previously highlighted the Committee recognised the increasing focus from investors on the potential benefits of Board diversity and Government-led targets in this regard, and are delighted to have secured the appointment of Ms Suzi Williams as a further independent non-executive director to the Board. Further information on this appointment is set out in the Nomination Committee report on page 52.

Further detail regarding the Company's position in relation to encouraging diversity within all layers of the organisation is set out in the 'People and Organisation' section of the Strategic Report on pages 25 to 28.

Executive Chairman and Chief Executive Officer

There is a clear division of responsibilities at the head of the Company with the Executive Chairman responsible for developing the strategic direction of the business and ensuring the effective operation of the Board, including compliance with principles of good corporate governance, and the Chief Executive primarily responsible for implementing strategy and running the Group's operations on a day to day basis. As appropriate, and in order to ensure good corporate governance, the Executive Chairman is assisted by the Company's independent non-executive Deputy Chairman in ensuring compliance with the effective operation of the Board. As set out above, following the Company's forthcoming AGM, Beatrice Hollond will take on the role of Senior Independent non-executive director and assist the Executive Chairman in relation to governance matters.

The division of responsibilities between the Executive Chairman and Chief Executive has been set out in writing and agreed by the Board in accordance with the Code (provision 14).

Supply of information

Information is supplied to the Board in a timely manner with board papers and accounts being provided in advance of meetings. When the Board requests additional information it is provided.

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Re-election

The Company's Articles stipulate that one third of all directors are required to retire by rotation at each Annual General Meeting and all newly appointed directors are required to offer themselves for election by the shareholders at the next Annual General Meeting.

However, the Code requires that all directors of FTSE 350 companies be subject to annual re-election by shareholders. Therefore, all the directors will be submitted for re-election at the forthcoming Annual General Meeting in July. Acknowledging the Code requirement for a particularly rigorous review in circumstances where non-executive directors' terms are being extended beyond six years, the Board has determined that all directors submitted for re-election continue to make a valuable contribution to the commercial success of the Company, with each bringing a complementary range of skills to the team. In particular, and as referred to above, the Board has considered the long service of both Julian Schild and Melvin Lawson and has determined that they continue to provide an extremely valuable contribution to the Board as a result of their deep historic knowledge of the business and its operations.

Remuneration Committee

The Board has a Remuneration Committee whose responsibility is to ensure that the remuneration of executive directors is sufficient to attract, retain and motivate people of the highest calibre. The Remuneration Committee comprises three independent non-executive directors, namely Andrew Blowers (Chairman of the Committee), Julian Schild and Beatrice Hollond. The Directors' Remuneration Report, giving the details of the emoluments of each director, may be found on pages 57 to 73. As set out above, following the Company's forthcoming AGM new non-executive director Suzi Williams will join the Committee and Julian Schild will step down.

The Remuneration Committee has written terms of reference, available on the Company's website (www.uw.co.uk), which describe the authority and duties which have been delegated to it by the Board.

Audit committee

The Audit Committee comprises three independent non-executive directors, Julian Schild (Chairman of the Committee), Andrew Blowers and Beatrice Hollond in compliance with the Code (provision 24). The activities of the Audit Committee are set out on pages 54 to 56.

The Audit Committee has written terms of reference, available on the Company's website (www.uw.co.uk), which describe the authority and duties which have been delegated to it by the Board.

Nomination Committee

The Nomination Committee comprises Beatrice Hollond (Chair of Committee), Julian Schild and Charles Wigoder and therefore has a majority of independent non-executive directors in compliance with the Code (provision 17). The main purpose of the Nomination Committee is to make recommendations to the Board on the appointment of new directors.

The Nomination Committee has written terms of reference, available on the Company's website (www.uw.co.uk), which describe the authority and duties which have been delegated to it by the Board. As set out above, following the Company's forthcoming AGM new non-executive director Suzi Williams will join the Committee and Julian Schild will step down.

The activities of the Nomination Committee are set out on pages 52 to 53.

Relations with shareholders

It is the policy of the Company to maintain a dialogue with institutional shareholders and to keep them informed about the objectives of the business. The Board considers that it is appropriate for the executive directors to discuss any relevant matters regarding company performance with major shareholders and this is undertaken primarily by the Chief Executive and Chief Financial Officer. The Chief Executive provides feedback from major shareholders to the other directors, ensuring that Board members, and in particular non-executive directors, develop a balanced understanding of the views of major investors. The executive directors met with a number of the Company's main shareholders during the year.

The Executive Chairman, Chief Executive and Chief Financial Officer also have periodic discussions with the Company's brokers and any issues are fed back to the Board as appropriate. When reports are received from the Company's brokers following investor presentations, these are submitted to the Board for review. Additionally, key representatives of the Company's brokers are periodically invited to present at a full Board meeting.

Responsibility for communication with key shareholders in relation to corporate governance and Board remuneration matters lies primarily with the Deputy Chairman and the Chairman of the Remuneration Committee who are assisted in this regard by the Company Secretary. Individual invitations to engage with the Deputy Chairman and Chairman of the Remuneration Committee have previously been sent out to key shareholders and, where requested or considered necessary, certain matters have been discussed in more detail during the year.

Annual General Meeting

Notice of the Annual General Meeting and related papers are sent to all shareholders at least 21 working days before the meeting. Separate resolutions are proposed for each matter including the adoption of the Report and Accounts, the approval of the Company's Remuneration Policy, the Directors' Remuneration Report and the appointment of the Group's external auditor. Proxy votes are counted and the meeting is advised of the number of proxies lodged for and against each resolution. The chairmen of the Audit, Remuneration and Nomination committees and the remaining non-executive directors are normally available to answer questions. Shareholders who attend are invited to ask questions and take part in the meeting.

Internal control

The Board acknowledges its responsibility for the Group's systems of internal control and risk management. However, it recognises that any system can only provide reasonable, and not absolute, assurance against material misstatement or loss. The principal risks faced by the Company and the measures taken to address these risks are set out in the Strategic Report on pages 19 to 24.

In conjunction with the Company's senior management team, the executive directors regularly identify, review and evaluate the key risks faced by the Group and the effectiveness of the internal controls in place to mitigate these risks. The results of these reviews are recorded in a formal document which sets out a detailed evaluation of each risk and the associated internal control in place to mitigate that risk. The document is reported to the Audit Committee and the Company's external auditor for review at least once per year.

The Board of directors has continued to review the internal controls of the Company (including financial, operational and compliance controls and risk management) and the principal risks which the Company faces during the year. No material weaknesses in internal controls were identified during the year.

Share capital and voting rights

Details of the Company's share capital and substantial shareholdings can be found in the Directors' Report under the capital structure and substantial shareholders sections on pages 75 to 76.

By Order of the Board
David Baxter
Company Secretary
15 June 2020