

TEMPLATE FOR TERMS AND CONDITIONS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

PRIVATE & CONFIDENTIAL

602767

[Name]
[Address]
[Address]
[Address]

DBR

[DATE]

Dear [xxx]

KCOM Group PLC – Appointment to the Board as a Non-Executive Director

I am pleased that you have agreed to serve as a Non-Executive Director on the Board of KCOM Group PLC.

This letter formally confirms the main terms of your proposed appointment. A counterpart copy is enclosed and I should be most grateful if you could sign and return the copy as soon as possible confirming your acceptance of the terms of appointment. If you are unhappy with any of the terms, or need any more information, please let me know.

If you need to reach me when I am not at work, my home number is [xxxxxxx] and my mobile number is [xxxxxxxxx].

Duties

As discussed, your appointment is effective from [date]. [Appendix 1](#) attached to this letter is a schedule of future meeting dates. All meetings are normally held in the Boardroom at 37 Carr Lane, Hull.

[Appendix 2](#) sets out the financial delegated authority levels for senior Executive Management. As a Non-Executive Director, you will not have any formal delegated authority although the title carries with it the ostensible authority of a Director recognised by law. You will be expected, before entering into any commitment on behalf of the Company, to secure the necessary authority from your colleagues on the Board or from the Chief Executive within the levels of his delegated authority.

Note: This is only a standard template - specific details of individual directors' contracts of employment are available for public inspection at the Company's registered office

In addition to bringing your experience and independent judgement to the Board you may be asked to serve on some or all of the Board Committees. The Chairman will discuss this matter with you.

Appointment

Your appointment may be terminated by either you or the Company on not less than six months written notice given at any time, except in the case of your wilful default, neglect, or serious misconduct when the notice can be given to take effect immediately.

Your appointment will not be terminated solely by reason of your absence or inability to carry out your duties through illness or injury unless you are prevented from providing any services for a consecutive period of two months or more.

Having been appointed by the Board since the last AGM, you will be required to stand for re-election at the Company's Annual General Meeting in [xxxx]. It is envisaged that the initial term will be 3 years but will need to be compliant with the requirement for directors to offer themselves for re-election from time to time. In keeping with current best practise, enshrined in the Stock Exchange Combined Code of good Corporate Governance (attached as [Appendix 3](#)), the Company's Articles of Association require that at least one third of its Directors retire at each Annual General Meeting. The basis is that those that have served the longest since appointment or previous re-election are required to stand for re-election. In line with Company Law, you will not be expected to serve beyond the age of 70. If you are removed or required to retire you will have no claim against the Company in respect of your removal other than as specifically set out in this letter.

You should familiarise yourself with the requirements of the Combined Code as they set out key requirements of corporate governance against which the conduct of the Board will be judged.

Remuneration

The normal rate for Non-Executive Directors is [xxxx] per annum. Your fees will be subject to applicable UK statutory deductions, payable quarterly in arrears on the first working day of the following month. This fee is subject to annual review.

You will be expected to devote whatever time is reasonably necessary to Company business and is appropriate to the role of a Non-Executive Director. If, in practice, your required involvement regularly exceeds the level anticipated and discussed between yourself and the Chairman, then the Company will, in good faith, review and adjust the level of remuneration to reflect your greater contribution to the business.

Expenses and Insurance

The Company will reimburse you for such expenses that you incur properly and reasonably in performing your duties. In keeping with the Combined Code, such expenses include legal fees if circumstances should arise in which it is appropriate for you to seek separate legal advice about the performance of your duties.

Expenses will be claimable against production of receipts and vouchers, evidencing payment up to the rates generally allowed by the Company for its Directors including:-

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Appropriate Travel

- Hotels – AA, three or four star
- Rail Travel - First Class
- Air Travel - Business “Club” Class

You will be covered by the terms of such Directors’ and Officers’ liability insurance as the Company may maintain in force from time to time. You should note that such insurance does not provide any degree of protection against financial or criminal liability arising from any breach of applicable law by the Company for which you may be held wholly or partially responsible.

Confidential Information

You must treat as secret and confidential and not at any time disclose, or permit to be disclosed, to any person or otherwise make use of, or permit to be made use of, any unpublished information relating to the Company, its business plans, technology or finances (including but not limited to any such information relating to or belonging to a subsidiary, a supplier, customer or client). In particular, the Company is subject to restrictions on the disclosure and use of personal data concerning its employees and many of its customers such as details of their telephone service accounts or ex-directory numbers. You will be required to observe and comply with all such confidentiality obligations and restrictions.

On termination or expiry of your appointment for whatever reason you will be required to return all reports, minutes, working papers, computer discs, tapes and other material and all copies prepared by or for you and to ensure that all such confidential material is removed from any computer storage under your control.

Status and Tax Liability

It is intended that you should, in respect of the provision of your services as a Non-Executive Director, be self-employed and you will not be entitled to any pension, bonus or any other benefits apart from those specifically provided for by this letter. In particular, you will not be entitled, by virtue of your appointment, to participate in any of the Company’s employee share schemes. The Company shall be entitled to deduct from your fees all income tax, national insurance and similar liabilities which it may be called upon to account for.

Stock Exchange Listing Rules

You will be required to comply with the Stock Exchange Listing Rules and particularly the continuing obligations relating to dealing in shares by Directors of quoted companies. An outline of these obligations and restrictions is contained in the document headed “Aspects of Corporate Governance” attached as [Appendix 4](#). Please note in particular the restrictions on share dealing. No dealing by you or your close family should take place at any time unless prior clearance has been given by the Chairman.

Restrictions

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You must not, during the period of your service as a Non-Executive Director, place yourself in a position where your duty and any other interests might be in conflict. You must fully disclose to the Board any interest you hold in another Company or organisation that is, or to your knowledge proposes to become, a supplier to or a customer of the Company or any of its subsidiaries. In addition, you will be required both during the period of your Directorship and for a period of 12 months after you cease to be a Non-Executive Director, to refrain from becoming involved either on your own or others' behalf (other than a shareholder holding less than 15% of the voting shares) in any company or organisation that is an actual or potential competitor with any of the Companies in the KCOM Group. In particular, you will not act as a Director (either Executive or Non-Executive) or consultant during the same 12 month period of or for any company or its subsidiary or parent that holds or implements a Public Telecommunications Network Operator's Licence in the United Kingdom or which is permitted under a general authorisation to provide public telecommunications network services.

You must not, during the same period, entice any senior management to leave their employment with a KCOM Group company whether to take up employment with a competitor or otherwise. One document potentially of particular relevance to your appointment is the Relationship Agreement with the City Council. A synopsis of its terms is enclosed as [Appendix 5](#).

Finally, I have enclosed two further documents which you should read carefully. [Appendix 6](#) is an extract from our Corporate Governance Manual entitled "Matters Reserved To The Main Board", and [Appendix 7](#) is a copy of "The Guide for Non Executive Directors".

Personal Details

I shall need to file with Companies House and with the Office of the Information Commissioner (for Data Protection purposes) and the Office of Fair Trading (for Consumer Credit purposes), various personal details. These are covered by a questionnaire which I have already provided to you.

I hope that these terms are clear and acceptable. If you have any questions or require any additional information, please give me a call.

Yours sincerely

John P C Bailey
Company Secretary

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I accept the terms and conditions of appointment as set out in this letter.

Signed **Dated**

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