

TOTSCO BOARD TERMS OF REFERENCE

CONSTITUTION

1. The TOTSCo Board was established on 30 May 2022 in accordance with the company's Articles of Association (**Articles**) and applicable law (**Law**). The Articles and Law set out the role, powers and duties of the Board, including the number of directors and their appointment and removal processes; the Board's duties, responsibilities and powers; and detailed procedures for Board meetings and decision-making. These Terms of Reference set out how the Board operates within the framework established by the Articles and Law, ensuring alignment and compliance with them. Unless the context requires otherwise, capitalised words in these terms of reference shall be given the same meaning as in the Articles.

PURPOSE, OBJECTS AND AUTHORITY

2. The Board is responsible for the management of TOTSCo's business in accordance with its Objects set out in the Articles, the Articles and Law. The Articles define TOTSCo's Objects as follows:

"means the delivery of fixed voice and broadband switching processes in the UK. In giving effect to the purposes the company must consider:

- (i) the need for Providers to comply with any relevant General Conditions set by Ofcom;*
- (ii) the need for switching both within and between network platforms;*
- (iii) the desirability of promoting an efficient switching process for business as well as residential users; and*
- (iv) the interests of all hub users."*

Article 4.1 provides that:

"The Directors are responsible for the management of the Company's business in accordance with its Objects for which purpose (and for related and ancillary matters) they may exercise all the powers of the Company."

THE BOARD'S RESPONSIBILITIES

3. The Board sets the strategic direction, and oversees TOTSCo's financial performance, its operational effectiveness, and its assessment and management of risk and compliance, ensuring TOTSCo's long-term

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sustainability and success. The Board is responsible for establishing the TOTSCO's purpose, values and strategy and satisfying itself that these and its culture are aligned.

4. The Board also plays an integral part in fulfilling TOTSCO's role as custodian of One Touch Switch (**OTS**) on behalf of the industry and acting in the interests of all users by being the ultimate decision maker for changes proposed to the OTS industry process, and as the ultimate decision maker on any changes to its customer agreements (the User and MAP Agreements with Hub users). It is also responsible for approving the Terms of Reference for two key industry representative committees, the Industry Process Group and the Operations Forum, both of which have key roles to play in the successful functioning of the Hub and TOTSCO's support for Hub users.

DELEGATIONS FROM THE BOARD¹

5. The Board has delegated specific aspects of its powers and responsibilities to three Board Committees, whose Chairs and members are Board Directors. Their Terms of Reference are appended. These are:

- (i) Audit and Risk Assurance Committee (Annex A);
- (ii) Remuneration Committee (Annex B); and
- (iii) CRID (Committee for the Remuneration of the independent Chair and Non-Executive Directors (Annex C).

6. In addition, the Board has agreed to delegate particular responsibilities to the TOTSCO Executive.

BOARD MEMBERSHIP²

7. The Board of nine Non-Executive Directors comprises an Independent Chair and two Independent Directors (appointed by the Board) and six Directors elected by the company's Member Constituencies: two Directors appointed by the Large Retail Providers and one Director appointed from each of the Medium Retail Providers; Small Retail Providers, Business Focused Providers and New Infrastructure Providers.

8. Whilst the Constituency Directors are appointed by particular constituencies and are expected to both understand and be able to articulate the concerns of their constituency to the Board, their responsibilities as Directors are the same as all the other Directors: to act in the best interests of the company as a whole, acting in compliance with the detailed requirements of Law and TOTSCO's Articles³.

¹ See Articles 6 and 7.

² See Article 3.

³ This is documented in Director's appointment letters.



9. Each of the six Constituency Directors can appoint, from within their constituency, up to two Alternate Directors who may deputise for them at Board meetings if they are unable to attend, with authority to carry out that Director's responsibilities and exercise their powers. Constituency Directors are expected to engage meaningfully with their Alternate Directors and to ensure that they are kept informed of Board discussions and of developments in the constituency.

10. Constituency Directors are expected to engage meaningfully with the members of their constituency, whether or not the constituents are Members of TOTSCo.

DIRECTORS' RESPONSIBILITIES

11. Being a Director of TOTSCo is an important responsibility and all Directors must assist in helping TOTSCo to maintain a strong governance framework. They must act with integrity, lead by example and promote the desired culture.

12. Directors are expected to declare actual or possible conflicts of interest on particular issues in a timely way (see also paragraph 19 below). TOTSCo compiles a Register of Directors' interests that individual Directors are expected to keep up to date as relevant interests arise or cease by informing the Chair. This will be reviewed on an annual basis and will be published on TOTSCo's website.

13. Directors are expected to attend at least three quarters of Board meetings in any twelve-month rolling period. Attendance is monitored by the TOTSCo Company Secretary and will be included in the Directors' Report to the TOTSCo's Annual General Meeting.

14. Directors are expected to lead by example at Board meetings and, while robust debate is encouraged and it is important that all views are heard, even if controversial, this should not interrupt the smooth running of the meeting. Directors are expected to have particular regard to the following meeting etiquette requirements:

- **Punctuality:** Start and end meetings on time to show respect for everyone's time. Stay for the full duration of the meeting unless absence is agreed with the Chair in advance.
- **Technology:** Keep the camera on throughout a virtual meeting
- **Distractions:** Ensure that non-meeting related distractions are eliminated or minimised;
- **Confidentiality:** Ensure that, for a virtual meeting, the Director's location allows compliance with confidentiality requirements
- **Active Listening:** Pay attention to the speaker, avoid interrupting, and engage respectfully.
- **Clear Communication:** Express opinions and information constructively, using clear and concise language.
- **Respectful Dialogue:** Encourage open discussion, acknowledge diverse viewpoints, and avoid personal attacks.
- **Conflict Resolution:** Address conflicts or disagreements professionally, deferring to the chair or designated facilitator for resolution.



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- **Adherence to Rules:** Follow established rules of order, including those related to participation, voting, and decision-making.
- **Professionalism:** Maintain a professional demeanour and avoid side conversations or distractions.

15. Outside Board meetings Directors must be responsive to reasonable requests for information and return key documents when requested. This includes, but is not limited to, Director Letters of Appointment, employer's letter (in regard to their appointment), declarations for the Register of Interests, compliance with Director Checks, and invitations to meetings.

16. Where a Director's attendance and/or conduct at Board meetings, and/or their response to requests under paragraph 15 above falls consistently short of expectations, these will be taken into account in the Chair's regular and annual reviews with that Director. In particularly egregious circumstances, the Chair may withhold their invitation to future Board meetings and may also consider whether to invite that Director to resign. In either circumstance, where the Director concerned is a Constituency Director, the Members of that Constituency will be informed of developments.

17. Directors are legally required to verify their identity to Companies House under the Economic Crime and Corporate Transparency Act 2023. TOTSCo requires Directors to report, to the company secretary, the personal code they receive as a result of this verification process, to allow TOTSCo to complete its annual confirmation statement.

BOARD MEETINGS

Frequency

18. Whilst the Board decides the frequency of Board Meetings, these shall be held at least once every quarter (they are currently held each calendar month), with additional meetings depending on the needs of the organisation. Any Director may call a Directors' meeting by giving no less than 14 days' notice to the Directors (Article 10).

CONFLICTS OF INTEREST

19. Where a Director has an actual or possible conflict of interest in respect of an issue or decision to be discussed, it must be declared to the Independent Chair before the meeting, if possible, and that Director may not participate in the company's business in relation to the conflict, unless explicitly authorised to do so by the other Directors in accordance with the provisions of Article 15. Such reports will be recorded in the Minutes of the meeting.



ATTENDANCE AT BOARD MEETINGS

20. Only the nine Non-Executive Directors or their Alternates are entitled to attend Board meetings. However, via a standing invitation from the Board, a representative of OTA2, and TOTSCo's Chief Executive also attend regularly. The company secretary is present as secretary to the Board. The Chair may extend an invitation to any other relevant individual to attend the meeting or may exclude individuals as appropriate such that there is no conflict of interest, perceived or otherwise.

21. When a Director is unable to be present at a Board meeting and invites an Alternate Director to deputise for them, the Director should ensure that they have engaged with the Alternate Director before the meeting to ensure that they are aware of and are fully briefed on any relevant issues.

QUORUM FOR BOARD MEETINGS

22. The quorum for a Board meeting is two thirds of Directors who would be eligible to vote on an agenda item (if so required) including any Alternate Director attending in place of a Director.

CIRCULATION OF AGENDAS AND BOARD PAPERS

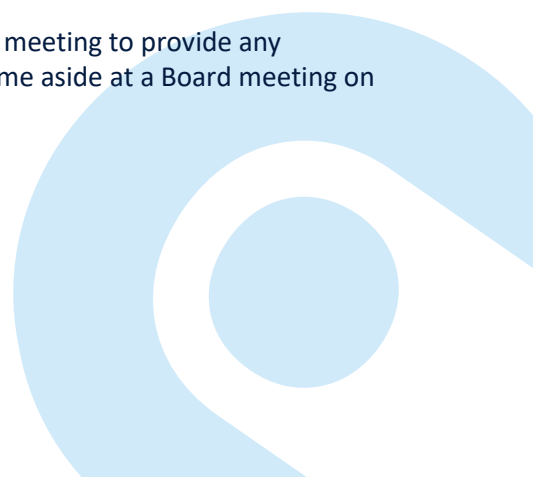
23. The Chair shall be responsible for agreeing the draft agenda for each Board meeting with TOTSCo Executive colleagues. The draft agenda and papers for Board meetings will, if possible, be circulated to attendees not less than two working days before each meeting. Attendees should ensure that they set aside sufficient time to prepare for each Board meeting and should actively engage with Executive colleagues if there are topics where they require further explanation or clarification.

DECISION MAKING

24. Decisions at Board meetings are made collectively and must be by majority (except in the circumstances specified in section 8 of the Articles). The Chair of the meeting will initiate a vote on issues where there is not unanimous agreement and will have a casting vote in the event of a tied vote.

MEETING EVALUATION

25. Directors are encouraged to contact the Chair immediately after a Board meeting to provide any feedback on how it could have been more effective. The Chair will also set time aside at a Board meeting on a quarterly basis for a collective review.



TERMS OF REFERENCE REVIEW

27. These terms of reference shall be reviewed annually, as part of the Board Effectiveness Review (see 28 below) or more frequently as needed, to ensure their relevance and effectiveness.

BOARD EFFECTIVENESS

28. TOTSCo will conduct Board Effectiveness Reviews (BERs) annually. BERs will be based around anonymous surveys of Directors, with a comprehensive Review every three years using an independent firm. Comprehensive Reviews will include one-on-one interviews with Directors to gain deeper insights into Board dynamics.

