

Board of Directors Charter

1. Purpose of the Charter

This Board of Directors Charter (the "Charter") sets out the role, composition and responsibilities of the Board of Directors (the "Board") of Hybrid Software Group PLC (the "Company") within the governance structure of the Company and its wholly-owned subsidiaries ("the Group").

The conduct of the Board is also governed by the Company's Articles of Association (the "Articles").

2. Membership, term and commitment

The Articles provide that unless and otherwise determined by the Company by ordinary resolution, the number of Directors shall be no less than two and no more than ten.

The Articles provides that a Director may hold office only until the dissolution of the next annual general meeting after his appointment unless he is reappointed during that meeting.

Each Director shall retire from office at each annual general meeting and may, if willing to, be reappointed. The names of Directors submitted for election should be accompanied by sufficient biographical details and any other relevant information to enable shareholders to take an informed decision on their election (including a list of all on-going directorships and similar positions). The Board should set out why they believe an individual should be elected.

The Chairman should confirm to shareholders when proposing re-election that, following formal performance evaluation, the individual's performance continues to be effective and to demonstrate commitment to the role.

The Board will undertake to have a minimum of two Non-Executive Directors at all times and that a minimum of 40% of the total number of Board members should be Non-Executive Directors. Wherever possible the Non-Executive Directors should be independent as per the test of independence in the Appendix to this Charter.

All Directors, whether independent or not, should have a proper understanding of, and competence to deal with, the current and emerging issues of the business and bring an independent judgment to bear on Board decisions.

The Board should encourage enhanced performance of the Company and effectively review and challenge the performance of management.

The threshold for materiality for the purpose of assessing the materiality of relationships between a Non-Executive Director and the Company (other than as a Director) will be judged according to the significance of the relationship to the Director in the context of their activities as a whole.

Membership of the Board shall be disclosed in the Company's annual report (the "Annual Report"), including whether a Director is independent or not independent.

The Articles state that the Board shall meet at least once every three months to discuss the progress and foreseeable development of the Company's business, however, the Board should meet more regularly to discharge its duties effectively whenever required.

All new members of the Board are to be provided with a formal letter of appointment setting out the key terms and conditions of their appointment.

All Board members must inform the Board before accepting any other directorships.

3. Responsibilities of the Board

Responsibility for implementing the strategic direction and management of the Company's day-to-day operations is delegated to the Chief Executive Officer ("CEO"), who is accountable to the Board.

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders, employees, and the broader community honestly, fairly, diligently and in accordance with applicable laws and regulations.

The following matters are specifically reserved for the Board and they constitute the key responsibilities of the Board, namely to:

- develop, review and monitor the Company's long term business strategies and provide strategic direction to management;
- approve and monitor budgets, major capital commitments, capital management, acquisitions and divestitures;
- identify and review risks that may face the Company and ensure that it has systems in place for risk management and internal control;
- review and approve the Company's financial statements and other reporting;
- appoint, remove and review the performance of the CEO;
- ratify the appointment or removal of the Chief Financial Officer and the Company Secretary;
- appoint and remove Directors, subject to shareholder approval at the annual general meeting;
- establish and maintain corporate governance standards;
- monitor compliance with legal, regulatory requirements and ethical standards;
- lead by example to establish a culture within the Company which strives for and rewards best practice in all areas of the business;
- monitor whether the Board is appropriately skilled to meet the changing needs of the Company;
- be responsible for the selection of Directors and seek to ensure that a candidate's experience and competence can assist the Company in meeting its corporate objectives and plans;
- arrange appropriate insurance cover in respect of legal action against its Directors and officers;
- oversee the Company's operations, including its control and accountability systems;
- provide input into and final approval of management's development of corporate strategy and performance objectives;
- review, ratify and monitor the Company's Code of Ethics; and
- ensure that appropriate resources are available to senior executives.

4. Chairman

The Chairman is responsible for:

- the leadership of the Board and ensuring its effectiveness on all aspects of its role and setting its agenda;
- the efficient organisation and conduct of the Board's functioning, including establishing the agenda for Board meetings in consultation with the CEO, chairing Board meetings and ensuring that the Board behaves in accordance with the Company's Code of Ethics;
- ensuring that the Directors receive accurate, timely and clear information in a form and of a quality appropriate to enable it to discharge their duties. All Directors are entitled to request additional information where they consider such information necessary to make informed decisions;

- ensuring that the views of shareholders are communicated to the Board as a whole, and that governance and strategy issues are discussed with major shareholders;
- ensuring that the Directors continually update their skills, knowledge and familiarity with the Company required to fulfil their role both on the Board and on Board Committees;
- ensuring that new Directors receive a full, formal and tailored induction on joining the Board;
- facilitating the effective contribution of all Directors at Board meetings; and
- the promotion of constructive and respectful relations between Directors, and between the Board and management.

The Chairman shall disclose to the Board any significant commitments outside the Group and this information and its impact will be included in each Annual Report.

5. CEO

The CEO is responsible for:

- the development (in conjunction with the Board) and implementation of short, medium and long-term corporate strategies for the Group, preparing business plans and reports with senior management and reporting/presenting to the Board on current and future initiatives;
- managing a team of executives responsible for all functions contributing to the success of the Group;
- ensuring that the Group has the appropriate risk management practices and policies in place;
- the efficient and effective operation of the Group;
- the assessment of business opportunities which are of potential benefit to the Group;
- bringing material and other relevant matters to the attention of the Board in an accurate and timely manner; and
- overseeing shareholder communications.

6. Separation of functions between the Chairman and the CEO

Except for in exceptional circumstances, the roles of the Chairman and CEO are strictly separated.

The CEO of the Company should not go on to be Chairman of the Company. If, exceptionally, the Board decides that the CEO should become Chairman, the Board shall consult major shareholders in advance and set out its reasons to shareholders at the time of the appointment and in the next Annual Report.

The balance of responsibilities between the Chairman and the CEO will be reviewed by the Board each year to ensure the division of functions remains appropriate to the needs of the Company.

7. Non-Executive Directors

All Non-Executive Directors are encouraged to:

- regularly update and refresh their skills, knowledge and familiarity with the Company;
- seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice;
- ensure that where they have concerns about the running of the Company or a proposed action, these are addressed by the Board, or, to the extent that they are not resolved, ensure that they are recorded in the Board minutes. On resignation, a Non-Executive Director should provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns.

It is up to each Non-Executive Director to reach a view as to what is necessary in particular circumstances to comply with the duty of care, skill and diligence they owe as a Director to the Company.

Non-Executive Directors are invited to attend meetings with major shareholders when requested.

The Annual Report must identify each Non-Executive Director considered independent, along with reasons for the existence of any relationships or circumstances which may appear to impede their independence.

Led by the Senior Independent Director, the Non-Executive Directors shall meet once a year without the Chairman present to appraise the Chairman's performance.

8. Senior Independent Director

To assist the Board in carrying out its responsibilities, one of the Non-Executive Directors should be designated by the Board as the Senior Independent Director. The Senior Independent Director should be a Non-Executive Director who is determined by the Board to be independent, per the test of independence in the Appendix to this Charter.

The Senior Independent Director is responsible for convening and chairing regular meetings with the other Non-Executive Directors without the executives being present and for meeting with a range of major shareholders on a regular basis in order to help develop a balanced understanding of the issues and concerns of major shareholders and liaising with the Chairman regarding shareholder communications (if appropriate).

9. Independent advice

Directors have the right to seek independent professional advice in the furtherance of their service as Directors, at the Company's expense. Written approval must be obtained from the Chairman prior to incurring expense on behalf of the Company.

10. Board of Directors – Code of Conduct

A Director must act honestly, in good faith and in the best interest of the Company as a whole.

A Director has to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.

A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.

A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.

A Director must not make improper use of information acquired as a Director.

A Director must not take improper advantage of the position of Director.

A Director must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company.

A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

Confidential information received by a Director in the course of the exercise of their duties as a Director of the Company remains the property of the Company and it is improper to disclose it, or allow it to be

disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.

A Director should not engage in conduct likely to bring discredit upon the Company.

A Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of the Company's Code of Ethics.

11. Process for evaluation

The Board operates in accordance with a Charter and Code of Conduct.

The Code of Conduct sets out the ethics and values in accordance with which the Board performs its duties.

The Board is responsible for regularly reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board.

Consistent with the UK Corporate Governance Code, the following shall usually be done:

- the Board shall undertake a formal and rigorous annual evaluation of its own performance and that of each Board Committee and individual Director;
- the Board shall state in the Company's annual report how performance evaluation of the Board, each Board Committee and each individual Director has been conducted; and
- the Non-Executive Directors, led by the Senior Independent Director, shall be responsible for the performance evaluation of the Chairman, taking into account the views of Executive Directors.

The Chairman shall ensure each Board Committee (if any such committee has been operating) undertakes an internal review of its own performance each year having regard to the principles and requirements of its charter and its overall objective and that the results of reviews of its performance and any recommended changes to its charter are reported to the Board.

12. Secretary

The Company Secretary will be the Secretary of the Board.

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows between members of the Board and the Board Committees, and between senior management and Non-Executive Directors, as well as facilitating the induction of new Directors and assisting with each Director's professional development, as required.

The Company Secretary should be responsible for advising the Board and the Chairman on all governance matters.

All Directors have access to the advice and services of the Company Secretary.

The Company Secretary is responsible for monitoring Board Policy, ensuring procedures are followed, and co-ordinating the timely completion and despatch of the Board agenda and briefing materials.

The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

13. Reporting

Proceedings of all meetings are minuted and signed by the Chairman or the chairman of the meeting.

Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

14. Review of Charter

The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

15. Publication of the Charter

A copy of this Charter is to be made available on the Company's website.

This Charter will be made available to the Company's shareholders upon request.

16. Amendment of the Charter

This Charter has been adopted by the Board. Any amendment to this Charter can only be approved by the Board.

The Company Secretary is responsible for reviewing this Charter on an annual basis to ensure its continued compliance with legal requirements and corporate governance requirements applicable to companies listed on any stock exchange on which the Company is listed and, if necessary, suggesting amendments to the Charter for consideration by the Board.

Appendix

Director's test of independence

Although the Company is not required to abide by the UK Corporate Governance Code (the "Code"), the Board has developed this test based on the requirements and recommendations of the Code, including the criteria for independence established by the Code.

Independence

The Board will assess whether Directors are independent of management and independent in character and judgment and whether there are any business or other relationship that could materially affect or interfere with the exercise of objective, unfettered or independent judgment by the Director or the Director's ability to act in the best interests of the Company and its subsidiaries. Following that process, the Board will make a recommendation prior to their final determination of individual Directors' independence. The Board retains ultimate discretion in their judgment to determine if a Director is independent.

Generally, all facts and circumstances will be considered in determining the independence of a Director under the above test. It is not always possible to cover explicitly all factors which could indicate a conflict of interest or lack of independence, but a Director will normally be considered to be independent if he or she does not fall within the circumstances listed below. As stated above, the Board reserves its discretion to consider a Director independent, even where the Director meets one or more of the circumstances specified below. In those circumstances, the Board will explain how they arrived at their conclusion.

Directors are under an obligation to update the Board with any new information in relation to interests or relationships relevant to independence. The Board assesses the independence of Directors annually and will re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

A Director's independence shall be determined by giving consideration to the following circumstances, whereby a Director is considered independent if he or she:

- has not been an employee of the Company or Group within the last five years;
- has not, within the last three years, had a material business relationship with the Company or Group either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company or Group;
- has not received or receives additional remuneration from the Company or Group, apart from a director's fee, and participates in the Company's share option or a performance-related pay scheme, or is a member of the Company's pension scheme;
- has not had close family ties with any of the Company's or Group's advisers, directors or senior employees;
- does not hold cross-directorships or have significant links with other directors through involvement in other companies or bodies;
- does not represent a significant shareholder; or
- has not served on the Board for more than nine years from the date of their first election.

Disclosure

The identity of independent and non-independent Directors, with any relevant comments relating to independence will be disclosed in the Company's Annual Report.

The Notice of the Annual General Meeting will specify whether Directors standing for election or re-election are independent.