

Dated 30 DECEMBER 2020

## **Howarth Timber Group Limited**

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

## Contents

1	Interpretation	1
2	Unanimous decisions	4
3	Proceedings of the directors	4
4	Quorum for directors' meetings	4
5	Chairman and casting vote	5
6	Transactions or other arrangements with the company	5
7	Directors' conflicts of interest	6
8	Records of decisions to be kept	7
9	Number of directors	7
10	Appointment and removal of directors	7
11	Retirement of non-executive directors	8
12	Appointment and removal of alternate directors	9
13	Rights and responsibilities of alternate directors	9
14	Termination of alternate directorship	10
15	Delegation of Directors' Powers	10
16	Secretary	11
17	Share transfers	12
18	Permitted transfers	13
19	Pre-emption rights	14
20	Compulsory Transfers	18
21	Purchase of own shares	19
22	Poll votes	19
23	Proxies	19
24	Means of communication to be used	20
25	Indemnity	21
26	Insurance	22

Company number 00067025

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

HOWARTH TIMBER GROUP LIMITED

(Adopted by special resolution passed on )

Introduction

## 1 Interpretation

1.1 The following definitions and rules of interpretation apply in these Articles:

<b>Act</b>	the Companies Act 2006.
<b>appointor</b>	has the meaning given in article 12.1.
<b>Articles</b>	the company's articles of association for the time being in force.
<b>Business Day</b>	any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business.
<b>Conflict</b>	has the meaning given in article 7.1.
<b>Controlling Interest</b>	an interest (within the meaning of schedule 1 and sections 254 and 255 of the Act) in shares conferring in aggregate fifty per cent (50%) or more of the total voting rights conferred by all the shares in the equity share capital of the Company for the time being in issue.
<b>Due Proportion</b>	in the same proportion, as nearly as may be, as the Shareholder's existing holding of shares bears to the total number of shares in issue.
<b>eligible director</b>	a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter).
<b>Family Council</b>	an informal unincorporated association of Family Members known as the family council.
<b>Family Council Representative</b>	the representative of the Family Council as notified to the Company in writing from time to time.
<b>Family Director</b>	an executive or non-executive Director nominated as a Family Director in accordance with article 10.1.

<b>Family Member(s)</b>	any person (not necessarily being a shareholder of the Company at the relevant time) being: Nick Howarth; Andrew Howarth; Jane Deborah Howarth; Julie Ann Howarth; a lineal descendant of Nick Howarth; a lineal descendant of Andrew Howarth.
<b>Group</b>	the Company, any subsidiary or any holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company. Each company in the Group is a <b>member of the Group</b> and a <b>Group Company</b> .
<b>holder</b>	in relation to shares means the member whose name is entered in the register of members as the holder of the shares.
<b>Howarth Family Trust</b>	any trust holding wholly or principally for the benefit of one or more Family Members or one or more of them and their relatives (irrespective of whether a charity can also benefit).
<b>Independent Expert</b>	the persons agreed or elected in accordance with the provisions of Article 19.10.
<b>Model Articles</b>	means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles.
<b>Reserved Matter</b>	any matters agreed between the Company and the Family Council Representative at any time in writing to be a matter requiring the consent of the Family Council Representative.
<b>Sale Shares</b>	as defined in Article 19.1.1.
<b>Senior Directors</b>	Nick Howarth and Andrew Howarth (each being a Senior Director).
<b>Shareholder(s)</b>	a holder at the relevant time of shares in the capital of the Company.
<b>shares</b>	shares in the capital of the Company.
<b>Transfer Notice</b>	as defined in Article 19.1.
<b>Transfer Price</b>	the price for the Sale Shares the subject of a Transfer Notice as defined in Article 19.9.

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an **article** is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 A reference to a holding company or subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), by way of security or in connection with the taking of security, or (b) its nominee.
- 1.6 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.10 The Model Articles shall apply to the company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.11 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 18(e), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.
- 1.12 Article 7 of the Model Articles shall be amended by:
- 1.12.1 the insertion of the words "for the time being" at the end of article 7(2)(a); and
- 1.12.2 the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.13 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".
- 1.14 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1.15 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".

- 1.16 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".

## **Directors**

### **2 Unanimous decisions**

- 2.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 2.2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.
- 2.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

### **3 Proceedings of the directors**

- 3.1 Any director may call a directors' meeting by giving not less than 5 Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.
- 3.2 Notice of a directors' meeting shall be given to each director in writing.
- 3.3 Meetings of the directors shall take place at least four times in each calendar year, with a period of not more than four months between any two meetings.
- 3.4 Subject to article 5.2, at any meeting of the directors each eligible director (or his alternate director) shall be entitled to one vote.

### **4 Quorum for directors' meetings**

- 4.1 Subject to article 4.2 and 4.3, the quorum for the transaction of business at a meeting of directors is any two eligible directors.
- 4.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.
- 4.3 For the purposes of any meeting (or part of a meeting) held to consider a Reserved Matter, the quorum for such meeting (or part of a meeting) shall be two eligible directors, which shall include one Family Director (if one has been appointed at the relevant time and such Family Director has not waived in writing his/her entitlement to form part of the quorum at such meeting).

4.4 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:

4.4.1 to appoint further directors; or

4.4.2 to call a general meeting so as to enable the shareholders to appoint further directors.

## **5 Chairman and casting vote**

5.1 The directors may designate any director as chairman of the board of directors (**Chairman**) and may remove and replace any such Chairman provided that until determined otherwise by the board of directors, whilst the Senior Directors are directors, they shall rotate as Chairman on an annual basis in respect of each financial year. If there is no Chairman in office for the time being, or the Chairman is unable to attend any meeting of the directors, the directors present at the meeting must appoint another director present at the meeting to chair the meeting and the appointment of the Chairman of the meeting must be the first business of the meeting.

5.2 If the numbers of votes for and against a proposal at a meeting of directors are equal, the Chairman or other director chairing the meeting has a casting vote.

5.3 Article 5.2 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the Chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting).

## **6 Transactions or other arrangements with the company**

6.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company:

6.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested;

6.1.2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;

6.1.3 shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;

6.1.4 may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be

entitled to remuneration for professional services as if he were not a director;

- 6.1.5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested; and
- 6.1.6 shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

## 7 Directors' conflicts of interest

- 7.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 7.2 Any authorisation under this article 7 will be effective only if:
  - 7.2.1 the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
  - 7.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and
  - 7.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.
- 7.3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently):
  - 7.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - 7.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;



- 7.3.3 provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
  - 7.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
  - 7.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence; and
  - 7.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.
- 7.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 7.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 7.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 7.7 A director, notwithstanding his office, may be a director or other officer of, employed by, otherwise interested (including by holding of shares (directly or indirectly), in any member of the Group or by virtue of being a Family Member and no further authorisation under this Article 7 shall be necessary in respect of any such interest.

## **8 Records of decisions to be kept**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

## **9 Number of directors**

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than one.

## **10 Appointment and removal of directors**

- 10.1 The Family Council (acting by way of a majority decision of the members of the Family Council) shall be entitled to nominate a person to be a non-executive director of the Company or to designate one of the existing directors (whether executive or non-executive) as the Family Director, in either case by notice in writing served on the Company and signed by the Family Council Representative and may similarly require the removal from office of any such person or that any such person shall cease to be designated as a Family Director and appoint another person in his or her place.
- 10.2 The Family Director need not be a Family Member and the identity of a Family Director shall be entirely at the discretion of the Family Council as notified to the Company by the Family Council Representative.
- 10.3 The right to appoint a Family Director (set out in Article 10.1) shall in no way act to limit the number of Family Members acting as directors of the Company.
- 10.4 The holders of a Controlling Interest may at any time and from time to time by notice in writing to the Company appoint one or more persons to be a director or directors of the Company and to remove any director or directors (other than a Family Director) from office (whether or not appointed pursuant to this Article 10.4).
- 10.5 Any appointment or removal of Directors pursuant to Article 10.1 and 10.4 shall be by signed instrument in writing served on the Company and shall take effect on and from the date on which such instrument is lodged or deposited at the registered office of the Company.
- 10.6 Subject to these Articles, the board of directors shall have power at any time to appoint any person who is willing to act as a director, either to fill a vacancy as an addition to the existing board of directors but the total number of directors shall not exceed any maximum number fixed in accordance with this Articles.
- 10.7 Model Article 18 shall be amended by the inclusion of the words "notification of the director's removal is received by the Company from the holders of a Controlling Interest pursuant to Articles 10.4 or from the Family Council Representative pursuant to Article 10.1" as a new paragraph (g) at the end of that Model Article.
- 10.8 Any removal of a director pursuant to Articles 10.1 and 10.4 shall be without prejudice to any claim for breach of contract under any employment agreement between the Company and the director so removed.
- 10.9 In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

## **11 Retirement of non-executive directors**

Non-executive directors shall be obliged to retire in accordance with their terms of appointment (unless agreed otherwise by the board of directors of the Company).

## **12 Appointment and removal of alternate directors**

12.1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

12.1.1 exercise that director's powers; and

12.1.2 carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

12.2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the directors.

12.3 The notice must:

12.3.1 identify the proposed alternate; and

12.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

## **13 Rights and responsibilities of alternate directors**

13.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

13.2 Except as the Articles specify otherwise, alternate directors:

13.2.1 are deemed for all purposes to be directors;

13.2.2 are liable for their own acts and omissions;

13.2.3 are subject to the same restrictions as their appointors; and

13.2.4 are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

13.3 A person who is an alternate director but not a director:

13.3.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);

- 13.3.2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and
  - 13.3.3 shall not be counted as more than one director for the purposes of article 13.3.1 and article 13.3.2.
- 13.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.
- 13.5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as his appointor but shall not be entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

#### **14 Termination of alternate directorship**

- 14.1 An alternate director's appointment as an alternate terminates:
  - 14.1.1 when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
  - 14.1.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
  - 14.1.3 on the death of the alternate's appointor; or
  - 14.1.4 when the alternate's appointor's appointment as a director terminates.

#### **15 Delegation of Directors' Powers**

- 15.1 The board of directors may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of such persons as they think fit provided that:
  - 15.1.1 a majority of the members of a committee shall be directors; and
  - 15.1.2 no resolution of a committee shall be effective unless a majority of those present when it is passed are directors or alternate directors.
- 15.2 The board of directors may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the board of directors in that respect and may revoke, withdraw, alter or vary any such powers and discharge any such committee in whole or in part. Insofar as any power, authority or discretion is so delegated, any reference in these Articles to the exercise by the board of directors of such power, authority or

discretion shall be construed as if it were a reference to the exercise of such power, authority or discretion by such committee.

15.3 Without limitation the directors shall delegate such of their powers as relate to the remuneration of Family Members (other than a Senior Director): to a committee known as the appointments and remuneration committee (**Appointments and Remuneration Committee**) which shall advise and make recommendations to all members of the Group.

15.4 Notwithstanding the requirements regarding membership of board committees as stated in Article 15.1, the Appointments and Remuneration Committee shall be comprised of at least:

15.4.1 one executive director; and

15.4.2 one non-executive director (who will lead the Appointments and Remuneration Committee),

provided in each case that such directors are not Family Members.

15.5 Without limitation the directors may delegate such of their powers as relate to dealing with the oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations and the auditors of the Group to a committee known as the audit committee (**Audit Committee**) which shall advise and make recommendations to all members of the Group.

15.6 Notwithstanding the requirements regarding membership of board committees as stated in Article 15.1, any such Audit Committee shall (unless otherwise agreed by the relevant individual) be comprised of:

15.6.1 one of the Senior Directors (as agreed between the Senior Directors) (for so long as one or both of the Senior Directors remain directors of the Company);

15.6.2 the finance director of the Group (if any); and

15.6.3 the Chairman (whether or not the Chairman is also a Senior Director).

15.7 A Family Director (if any) shall also have the right to attend and observe meetings of the Audit Committee (if any) but shall not be obliged to attend.

15.8 The Audit Committee (if any) shall holding meetings:

15.8.1 annually; and

15.8.2 as and when needed,

or as otherwise determined by the Board on the establishment of an Audit Committee.

15.9 Model Articles 5 and 6 shall be modified by the provisions of this Article 15.

## 16 Secretary

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

## Shares

### 17 Share transfers

17.1 No transfer of shares shall be made and the directors shall not register any transfer of shares in the company by a member except where the transfer is:

17.1.1 permitted by Article 18 (a **Permitted Transfer**); or

17.1.2 pursuant to Article 19 (an **Approved Transfer**); or

17.1.3 compulsory by reason of Article 20 (a **Compulsory Transfer**),

and for the purpose of these Articles, the following shall be deemed (but without limitation) to be a transfer of shares in the Company by a member:

17.1.4 any direction (by way of renunciation or otherwise) by a member entitled to any allotment or transfer of shares that a share be allotted or issued or transferred to some person other than himself; and

17.1.5 any sale or any other disposition of any legal or equitable interest in a share (including any voting right attached to such share) and whether or not by the registered holder of such share and whether or not for consideration or otherwise and whether or not effected by an instrument in writing.

17.2 The Directors may in their absolute discretion, and without assigning any reason for it, decline to register:

17.2.1 any transfer of any share over which the Company has a lien; and/or

17.2.2 any transfer to more than four transferees.

17.3 For the purpose of ensuring that a transfer of shares is duly authorised under these articles or that no circumstances have arisen whereby a transfer has taken place in breach of these articles the directors may from time to time require any member or the legal personal representatives of any deceased member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the directors think fit regarding any matter which they deem relevant to such purpose including (but not limited to) the names and addresses and interests of all persons respectively having interests in the shares from time to time registered in the members name. Failing such information or evidence being furnished to the satisfaction of the directors within 28 days after request, the directors shall refuse to register the transfer in question.

- 17.4 Subject to Article 17.1, 17.2 and 17.3, the directors shall be obliged to register a Permitted Transfer, an Approved Transfer and a Compulsory Transfer.
- 17.5 If in any case where under the provisions of these articles the directors require a Transfer Notice to be given in respect of any shares or a person has become bound to give a Transfer Notice in respect of any shares, and such a Transfer Notice is not duly given within a period of two weeks of demand being made or where appropriate within the period allowed respectively a Transfer Notice shall be deemed to have been given at the expiration of the specified period and the provisions of Article 19 shall apply mutatis mutandis provided that the Transfer Price shall be the price certified by the Independent Expert in accordance with Articles 19.9 to 19.14.

## 18 Permitted transfers

- 18.1 Any Shareholder (not being in relation to the shares in question a holder thereof as trustee of a Howarth Family Trust) may at any time gift all or any shares held by him to:
- 18.1.1 a Family Member; and/or
  - 18.1.2 trustees to be held upon a Howarth Family Trust,
- and for the avoidance of doubt no such transfers may be made if they are for valuable consideration.
- 18.2 The trustees of a Howarth Family Trust may at any time transfer any share:
- 18.2.1 to the new or remaining trustees of that Howarth Family Trust upon a change of trustees or to the beneficiaries of that Howarth Family Trust;
  - 18.2.2 to the trustees of any other Howarth Family Trust.
- 18.3 If and whenever any shares cease to be held upon a Howarth Family Trust (otherwise than in consequence of a transfer to beneficiaries authorised by Article 18.2) or there cease to be any beneficiaries of that Howarth Family Trust other than a charity or charities, the trustees shall be deemed immediately to have given a Transfer Notice in respect of all the shares held by them.
- 18.4 A transfer of shares may be made to any person with the prior written consent of Shareholders holding in aggregate not less than fifty per cent (50%) of the voting rights capable of being cast on a poll attaching to the issued share capital of the Company at the time when such consent is given.
- 18.5 If any person to whom shares are transferred pursuant to Article 18.1 or 18.2 ceases to be a person to whom shares are permitted to be transferred pursuant to those Articles (the **Cessation**) that person shall as soon as reasonably practicable notify the directors in writing of the fact, and shall transfer the relevant shares back to the original transferor or to any other person to whom shares are permitted to be transferred pursuant to Articles 18.1 or 18.2 within 21 days of the Cessation. If the relevant shares are not duly transferred in those circumstances, a Transfer Notice will be deemed to

have been served on the date of the Cessation and the provisions of Article 19 (Pre-emption rights) shall apply *mutatis mutandis* except that the price shall be the price, if any, paid by such person for the relevant shares.

- 18.6 Subject to, and in accordance with, the provisions of the Act, the Company may purchase any of its own shares (including redeemable shares) at any price (whether above or below the nominal value of the shares) and make a payment in respect of such redemption or purchase of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares within such limits as may be specified by the Company in general meeting in compliance with the provisions of the Act and may enter into or vary any contract for such purchase. Every such purchase or contract providing for the purchase by the Company of shares in the Company shall be authorised by such resolution or resolutions of the Company as may be required by the Act and these Articles. All shares so purchased shall be cancelled immediately upon completion of the purchase.

## 19 Pre-emption rights

### Service of Transfer Notice

- 19.1 Any member who wishes or is required under the provisions of these Articles to sell or transfer shares or any beneficial interest in any shares (a **Retiring Shareholder**) other than pursuant to Article 18, shall give to the Company notice in writing (a **Transfer Notice**) specifying:
- 19.1.1 the number of shares which he wishes or is required to sell or transfer (the **Sale Shares**);
  - 19.1.2 the name of any third party to whom he proposes to sell or transfer the shares (if any);
  - 19.1.3 the price at which he wishes to sell or transfer the shares.
- 19.2 Where a Transfer Notice is deemed to have been given pursuant to Article 17.5 or 18.3 or 18.5 or Article 20 it is referred to in these Articles as a **Deemed Transfer Notice**. Transfer Notices and Deemed Transfer Notices shall constitute the Company the Retiring Shareholder's agent for the sale of the Sale Shares at the price specified therein or at the Transfer Price, whichever is lower. Subject to Article 19.3, a Transfer Notice once given may not be withdrawn except with the sanction of the Directors.
- 19.3 A Transfer Notice (but not a Deemed Transfer Notice) may contain a provision that unless all the Sale Shares are sold by the Company, none shall be and the Transfer Notice shall be withdrawn (a **Total Transfer Condition**).

### Pre-emptive offers

- 19.4 Within 30 days of the receipt by the Company of the Transfer Notice (or date of the deemed receipt of a Deemed Transfer Notice) then the Sale Shares shall be offered by the Directors to the holders of shares of that class (other than the Retiring Shareholder) pro rata to their holdings of shares of that class.



- 19.5 Any offer made pursuant to Article 19.4 shall be made by notice in writing which shall state:
- 19.5.1 the identity of the Retiring Shareholder;
  - 19.5.2 the number of Sale Shares comprised in the Transfer Notice;
  - 19.5.3 the price per Sale Share specified in the Transfer Notice (save in the case of a Deemed Transfer Notice where the price per Sale Share shall be the price calculated by an Independent Expert in accordance with Article 19.9 below);
  - 19.5.4 that the Sale Shares are offered to them in accordance with the provisions of this Article 19;
  - 19.5.5 the proportionate entitlement of the member to whom the offer is made;
  - 19.5.6 that each Shareholder has the right to request a certificate of the Transfer Price under Article 19.9 and that each of the Sale Shares in question is being offered to Shareholders at the lower of the price specified in the Transfer Notice and (if applicable) the Transfer Price (save in the case of a Deemed Transfer Notice);
  - 19.5.7 the period in which the offer may be accepted if no such certificate of Transfer Price is requested (not being less than 3 calendar months or more than 4 calendar months after the date of the offer notice); and
  - 19.5.8 that, if such a certificate of Transfer Price is requested, the offer will remain open for acceptance until the expiry of a period of 3 calendar months commencing on the date of the notice of the certified Transfer Price given to holders pursuant to Article 19.13 or until the expiry of the period referred to in Article 19.5.7 whichever is the later.
- 19.6 If a member does not accept such an offer within the period specified in the notice, he will be deemed to have declined the offer as regards those shares. After the period specified in the notice has expired, any Shares which have been declined or are deemed to have been declined shall be offered by the directors (the **further offer**) to the persons who have accepted all the shares offered to them within the specified period. The further offer will be made to those persons in the Due Proportion (taking into account any shares which have been accepted pursuant to the original offer), and shall be made in similar terms, in the same manner and limited by a similar period as the original offer.
- 19.7 The further offer shall be repeated until such time as all the shares the subject of the further offer have been accepted or until the persons to whom shares are offered shall have declined to accept any more of them.
- 19.8 If there is more than one holder of shares to whom any offer falls to be made pursuant to the provisions of Articles 19.4 - 19.7 and the shares on offer are to be offered to such holders in proportion to their existing holdings of shares of that class, the directors' decision as to the number of

shares which shall be in proportion to or as nearly as maybe in proportion to their existing holdings of shares of that class shall be conclusive final and binding.

### **Transfer Price**

- 19.9 Subject to Article 19.14, any member who receives an offer or a further offer in accordance with Article 19.5 may, not later than 30 days after the date of the offer, serve on the Company a notice in writing requesting that the Independent Expert certifies in writing the sum which in their opinion represents the fair value of each of the shares comprised in the Transfer Notice as at the date of the Transfer Notice (the **Transfer Price**).
- 19.10 The Independent Expert shall be a firm of independent accountants agreed between the Retiring Shareholder and the directors (or in default of agreement) elected by the President of the Institute of Chartered Accountants in England and Wales at the request of either the Retiring Shareholder or the directors.
- 19.11 Upon receipt of such notice the Company shall:
- 19.11.1 notify all shareholders to whom the original offer or further offer was sent pursuant to Articles 19.4 or 19.6 that a certificate has been requested and that, as a result, the price at which the Sale Shares are offered shall be the lower of the price specified in the Transfer Notice and the Transfer Price and that no acceptances of such offer or further offer shall be valid pending the determination of the Transfer Price; and
  - 19.11.2 instruct the Independent Expert to certify the Transfer Price. The costs of producing such certificate shall be apportioned as the Independent Expert in their absolute discretion shall decide.
- 19.12 In certifying the Transfer Price, Section 272(1) and 273(3) of the Taxation of Chargeable Gains Act 1992 (as amended or re-enacted from time to time) shall be deemed to apply and the Independent Expert shall be entitled to obtain professional valuations in respect of any of the Company's assets and legal opinions as to the interpretation of any provision of these Articles and other relevant agreements and shall be considered to be acting as experts and not as arbitrators (and accordingly any provisions of law or statute relating to arbitration shall not apply).
- 19.13 Upon the receipt of the certificate from the Independent Expert, the Company shall inform all recipients of the offer in writing of the price per share (being the lower of the price specified in the Transfer Notice and the Transfer Price) at which the shares comprised in the Transfer Notice are offered for sale.
- 19.14 Only one certificate of the Transfer Price shall be permitted in relation to the Sale Shares which are the subject of any one Transfer Notice. Therefore any recipient of an offer or a further offer may only make a request pursuant to Article 19.9 in the event that no former request has been made in relation to the same Transfer Notice.

### **Acquisition of Shares by the Company**

- 19.15 Notwithstanding the provisions of Articles 19.4 to 19.7, if within the period referred to in Article 19.5.7 or 19.5.8 (whichever is longer) the board of directors receives a notice signed by the holders of shares carrying 50% or more of the voting rights exercisable on a poll attaching to the issued shares of the Company at the relevant time (not including the votes attaching to the Sale Shares), directing the Company to buy-back all or some of the Sale Shares this number of Sale Shares shall (provided it is lawfully able to do so and subject to the passing of the necessary special resolution) be allocated to the Company. Notwithstanding the time limits prescribed by these Articles a reasonable time shall be allowed to observe the requirements of law where the Company purchases its own shares. If some only of the Sale Shares are so allocated, the provisions of Articles 19.4 to 19.14 shall have effect as if the references to Sale Shares shall mean those not allocated to the Company in accordance with this Article.

### **Transfer of Sale Shares**

- 19.16 The directors shall in writing notify the Shareholders (including the Retiring Shareholder) of the names of the purchasers of the Sale Shares and the number and price of Sale Shares they have agreed to purchase. The Retiring Shareholder shall be bound to transfer the Sale Shares (or such of them for which the Company shall have found a purchaser) to such persons at such price within 14 days of notification. If a Retiring Shareholder defaults or is unable to transfer any Sale Shares to a transferee after having become bound to do so, the directors shall authorise some person to execute any necessary transfers in favour of the transferee upon receipt of the purchase money, enter the name of the transferee in the register of members of the Company as the holder of the shares in question and hold the purchase money in trust for the Retiring Shareholder. The receipt of the Company for the purchase money shall be a good discharge to the transferee and the transferee shall not be bound to see to the application of it. After the name of the transferee has been entered in the register in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

### **Sale of Sale Shares to third parties**

- 19.17 For the avoidance of doubt, this Article 19.17 shall apply to Sale Shares which are the subject of a Transfer Notice or a Deemed Transfer Notice. If the Sale Shares are subject to a Total Transfer Condition and the Company, selected persons and the Shareholders together do not offer to purchase all the Sale Shares or where there is no such condition but all the Sale Shares are not acquired in accordance with this Article 19, the Directors shall immediately so inform the Retiring Shareholder by notice in writing. The Retiring Shareholder may retain the Sale Shares (or such of them as have not been acquired in accordance with this Article 19) or, at any time within 30 days following receipt of this notice, transfer the Sale Shares (or such as have not been so acquired) to any person approved in accordance with Article 18.4 on a bona fide sale, at a price not being less than the price agreed or certified under this Article 19 and on terms not materially more favourable as to timing of payment or otherwise than would apply to the existing Shareholders accepting Sale Shares in accordance with this Article 19 provided that:

- 19.17.1 the directors may require to be satisfied that such Sale Shares are being transferred in pursuance of a bona fide sale for the consideration stated in the Transfer Notice without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied may refuse to register the instrument of transfer; and
- 19.17.2 if the Transfer Notice contained a Total Transfer Condition the Retiring Shareholder shall not be entitled under this Article 19.17 to transfer any Sale Shares unless the whole of such Shares are transferred by him.

## 20 Compulsory Transfers

### Purported transfer of Shares

- 20.1 If and when required by notice in writing by the directors (the **call notice**) a Shareholder who transfers or purports to transfer any share in breach of the foregoing provisions of these Articles shall be bound to give a Transfer Notice in respect of all the shares registered in the name of such Shareholder unless and to the extent that a valid transfer in respect of such shares in favour of a person or persons to whom they may be transferred pursuant to Article 18 shall have been lodged for registration. If such Shareholder fails to serve a Transfer Notice within 30 days of the date of the call notice such Shareholder shall be deemed to have given a Transfer Notice at the expiration of such period of 30 days and the provisions of Article 19 shall apply mutatis mutandis save that the price for the shares shall be the Transfer Price certified in accordance with Article 19.9.

### Death of a shareholder

- 20.2 If an individual holds both the beneficial and legal interest in any shares (excluding for the avoidance of doubt any shares held by trustees upon a Howarth Family Trust) then on that individual's death (the Deceased Shareholder):
- 20.2.1 any share(s) held by the Deceased Shareholder in such capacity shall automatically cease to confer on the holder of them any rights:
- (a) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of shares;
  - (b) to receive dividends or other distributions otherwise attaching to those shares; and
- 20.2.2 the Company shall have the right to either:
- (a) purchase such share(s) subject to and in accordance with the provisions of Chapter 4 of Part 18 of the Act; or
  - (b) require (by written notice) that the legal representative of the Deceased Shareholder transfers such share(s) to such person as the directors determine (the Proposed Transferee),

in each case at nominal value.

- 20.3 The directors may reinstate the rights referred to in Article 20.2.1 at any time and in any event such rights shall be reinstated in respect of any shares transferred pursuant to Article 20.2.2(b) on completion of such transfer.
- 20.4 If the legal representative of the Deceased Shareholder shall not, within five Business Days of being required to do so, execute and deliver transfers in respect of the share(s) held by the Deceased Shareholder and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any director shall be entitled to execute, and shall be entitled to authorise and instruct such person as he thinks fit to execute, the necessary transfer(s) and indemnities on the Deceased Shareholder's behalf and, against receipt by the Company (on trust for such Deceased Shareholder) of the consideration payable for the relevant share(s), deliver such transfer(s) and certificate(s) or indemnities to the Proposed Transferee (or his nominee) and register such Proposed Transferee (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.

## **21 Purchase of own shares**

- 21.1 Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:
- 21.1.1 £15,000; and
- 21.1.2 the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

## **Decision making by shareholders**

### **22 Poll votes**

- 22.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 22.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

### **23 Proxies**

- 23.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".

- 23.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid ,unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

## **Administrative arrangements**

### **24 Means of communication to be used**

- 24.1 Subject to article 24.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

- 24.1.1 if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- 24.1.2 if sent by fax, at the time of transmission; or
- 24.1.3 if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
- 24.1.4 if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
- 24.1.5 if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- 24.1.6 if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
- 24.1.7 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
- 24.1.8 if deemed receipt under the previous paragraphs of this article 24.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

- 24.2 To prove service, it is sufficient to prove that:

- 24.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
- 24.2.2 if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or

- 24.2.3 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- 24.2.4 if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

## 25 Indemnity

25.1 Subject to article 25.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

25.1.1 each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

- (a) in the actual or purported execution and/or discharge of his duties, or in relation to them; and
- (b) in relation to the company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs; and

25.1.2 the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 25.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

25.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

25.3 In this article:

25.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

25.3.2 a "relevant officer" means any director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

## 26 Insurance

26.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant officer in respect of any relevant loss.

26.2 In this article:

26.2.1 a "relevant officer" means any director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor);

26.2.2 a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and

26.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.