

2579110

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

AKZO NOBEL (CPS) PENSION TRUSTEE LIMITED

CERTIFIED TRUE COPY

Secretary *W. L. L. L.*

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AKZO NOBEL (CPS) PENSION TRUSTEE LIMITED

(Company Number: 2579110)

PRELIMINARY

1. In these articles "**Table A**" means Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended by The Companies (Tables A to F) (Amendment) Regulations 2007) and The Companies (Tables A to F) (Amendment) (No 2) Regulations 2007), the 1985 "**Act**" means the Companies Act 1985 and the "**2006 Act**" means the Companies Act 2006, including in either case any statutory modification, replacement or re-enactment thereof from time to time in force (References to provisions of the 2006 Act which are not in force at the date these articles are adopted will become operative when the provisions enter into force, save that references to provisions of the 2006 Act for the purposes of definition shall be operative whether or not the provision has entered into force)
2. The regulations contained in Table A shall apply to the Company save insofar as they are excluded or modified by or inconsistent with the articles hereinafter contained and such regulations and articles shall be the articles of the Company References herein to "**Regulations**" are to regulations of Table A
3. Regulations 3, 24-26 inclusive, 37-40 inclusive, 55, 56, 59, 62, 64-67 inclusive, 76-79 inclusive, 81, 90, 99, 101, 111, 118 and the last sentence of Regulation 84 shall not apply
4. In these articles -

"**ANUK**" means the Principal Company for the time being of the Scheme in accordance with the Trust Deed and Rules (At the date of the adoption of these Articles the Principal Company is Akzo Nobel (UK) Ltd)

“Deferred Pensioner” shall be as defined in Schedule 2 of the Trust Deed and Rules

“Members” shall be as defined in Schedule 2 of the Trust Deed and Rules

“Pensioners” shall be as defined in Schedule 2 of the Trust Deed and Rules

“the Scheme” means the Akzo Nobel (CPS) Pension Scheme

“Secretary” shall be as defined in Schedule 2 of the Trust Deed and Rules

“the Trust Deed and Rules” means the Second Consolidated Trust Deed and Rules of the Scheme dated 15 September 1997, as amended from time to time

RIGHTS OF ANUK

5. The rights and powers given to ANUK in these articles shall only be exercisable by ANUK if and for so long as the Company is appointed as trustee of the Scheme. If the Company is not appointed as trustee of the Scheme, such rights and powers shall be exercisable by the holders of a majority of the ordinary shares in the Company

SHARE CAPITAL

6. The share capital of the Company is £2 divided into 2 shares of £1 each
7. Subject to the provisions of the 1985 Act, the Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder on such terms and in such manner as the Company, before the issue of the shares, by special resolution shall determine

TRANSFER OF SHARES

8. The Directors shall register the transfer by ANUK of any share in the Company and, if directed by ANUK, the transfer by any other person of any share in the Company, but the Directors shall not register a transfer in any other circumstances
9. A person who becomes entitled to a share in consequence of the death or bankruptcy of a member must elect to transfer such share to such person as ANUK directs. Prior to such transfer a person who becomes entitled to a share in consequence of the death or bankruptcy of a member shall not, in any circumstance, be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the holders of any class of shares in the Company. Regulations 30 and 31 are modified accordingly

NOTICE OF GENERAL MEETINGS

10. In every notice calling a general meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and speak and vote instead of him and that a proxy need not also be a member. Notices and other communications relating to a general meeting which any member is entitled to receive shall not be sent to the Directors of the Company in their capacity as such.

PROCEEDINGS AT GENERAL MEETINGS

11. No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum, except at such times as the Company has only one member in which case one person entitled to vote upon the business to be transacted, being the sole member or a proxy for the sole member or a duly authorised representative of a corporation which is the sole member, shall be a quorum.
12. At such times as the Company has only one member and he takes a decision which may be taken by the Company in general meeting and which has effect as if agreed by the Company in general meeting, such member shall (unless his decision is taken by way of written resolution) provide the Company with a written record of that decision.
13. An instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors must be delivered to the registered office of the Company (or, to any extent permitted by the 2006 Act, sent using electronic communications to the Company at the address specified (or deemed to have been specified) by the Company for that purpose so as to be received by the Company)
- 13.1 in the case of a general meeting or an adjourned meeting, not less than 48 hours before the time appointed for the holding of the meeting or to the place of the meeting at any time before the time appointed for the holding of the meeting,
- 13.2 in the case of a proxy notice given in relation to a poll taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for the taking of the poll, and
- 13.3 in the case of a proxy notice given in relation to a poll taken not more than 48 hours after it was demanded, before the end of the meeting at which the poll was demanded.

In calculating when a proxy notice is to be delivered, no account is to be taken of any part of a day that is not a working day. A notice revoking the appointment of a proxy must be given in accordance with the 2006 Act.

NUMBER OF DIRECTORS

14. The number of Directors (other than alternate directors) shall be eleven, save however that it may be any number up to fifteen if the transitional provision mentioned in Clause 6A(2) of the Trust Deed and Rules applies

ALTERNATE DIRECTORS

15. A Director may appoint another Director to act as his alternate in his absence either for a period or for a meeting, and an alternate may vote both in his own right and that of his absent appointor
16. Any appointment or removal of an alternate director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors

DELEGATION OF DIRECTORS' POWERS

20. The Directors may not delegate the exercise of any of the Company's powers or discretions as Trustee of the Scheme to a person or body of persons (including a committee of the board of Directors) in accordance with Clause 10(3) of the Trust Deed and Rules unless a resolution to that effect shall have been passed by at least $\frac{3}{4}$ of the Directors. Regulation 72 shall be modified accordingly

APPOINTMENT AND REMOVAL OF DIRECTORS

21. (1) Unless the transitional provision mentioned in Clause 6A(2) of the Trust Deed and Rules and referred to in Article 14 above applies (in which case the Directors shall be appointed consistently with Clause 6A(2)), the Directors shall comprise 5 representatives of ANUK ("**ANUK nominated Directors**"), 5 representatives of the Members and of the Pensioners ("**Member nominated Directors**"), and an independent trustee Director (the "**Independent Trustee Director**")
- (2) ANUK nominated Directors shall be nominated by ANUK which may at any time remove or appoint an ANUK nominated Director by notice in writing to the Secretary. Each ANUK nominated Director must be a Member or Pensioner except that, if ANUK so wishes, one of the ANUK nominated Directors need not be a Member or a Pensioner but any such person (a "**Parent Company Director**") must then be an employee of ANUK, a Holding Company of ANUK or a Subsidiary Company of ANUK or such a Holding Company (and these expressions have the same meanings as in Clause 5(B) of the Trust Deed and Rules)
- (3) Unless the transitional provision mentioned in Clause 6A(2) of the Trust Deed and Rules and referred to in Article 14 above applies (in which case the Directors shall be

appointed consistently with Clause 6A(2)) Member nominated Directors shall consist of three Members, one Pensioner and one Director who is either a Pensioner or a Deferred Pensioner and shall be nominated as the Directors think fit consistently with any Arrangements as defined in Article 22

- (4) Member nominated Directors shall retire by rotation as the Directors shall decide and shall be replaced in accordance with paragraph (3) above, but so that
 - (a) if any question arises as to the manner of their retirement by rotation or nomination, and on any resolution which would have the effect of decreasing the number of the Member nominated Directors, each Member nominated Director shall have 2 votes, and
 - (b) each Member nominated Director shall retire and may if eligible to be re-appointed submit to re-election at least once in every 5 years
- (5) A Director shall be deemed to retire upon giving the Secretary notice of his or her resignation or,
 - (a) in the case of a ANUK nominated Director who is not a Parent Company Director, upon ceasing to be either a Member or a Pensioner (but he or she may then be appointed to be a Parent Company Director if eligible and ANUK so decides),
 - (b) in the case of any Parent Company Director, upon ceasing to be an employee of ANUK or any Holding Company or Subsidiary Company as mentioned in paragraph (2) above,
 - (c) in the case of a Member nominated Director who is a Member, upon ceasing to be a Member,
 - (d) in the case of a Member nominated Director who is a Deferred Pensioner, upon ceasing to be a Deferred Pensioner without becoming a Pensioner,
 - (e) in the case of a Member nominated Director who is a Pensioner, upon ceasing to be a Pensioner, or
 - (f) in the case of a Member nominated Director, a unanimous resolution by all other trustee directors that the Member nominated Director in question be removed
- (6) (a) (i) Subject to (ii) the Independent Trustee Director shall be deemed to retire upon giving the Secretary not less than 6 months' notice of

resignation (or such shorter notice period as the Independent Trustee Director and the other Directors may agree)

- (ii) If a new Independent Trustee Director is not appointed in accordance with paragraph (8) below before the notice under (i) expires, the Independent Trustee Director may apply to the High Court in England to be released from his duties as Independent Trustee Director in relation to the Scheme and for the appointment of a new Independent Trustee Director on the terms provided for in these articles of association and the costs of such an application shall be an expense of the Scheme payable pursuant to Clause 8(4) of the Trust Deed and Rules

(b) If the Independent Trustee Director

- (i) ceases to be Independent (as negatively defined in (c) below),
- (ii) refuses to act,
- (iii) is disqualified from acting under Section 29 of the Pensions Act 1995,
- (iv) is removed as an Independent Trustee Director by Court Order, or
- (v) receives a notice in writing signed by at least $\frac{3}{4}$ of the Directors (excluding for this purpose the Independent Trustee Director) requiring the Independent Trustee Director to cease to hold office at the end of a period of 6 months from the date the notice is received by the Independent Trustee Director,

it shall thereupon cease to be the Independent Trustee Director and a new Independent Trustee Director shall be appointed in accordance with paragraph (7) below

- (c) The Independent Trustee Director will cease to be "Independent" if it becomes connected with or an associate of ANUK and such connection or association can reasonably be considered to affect materially the independence of the Independent Trustee Director "Connected" and "associate" have the meanings respectively given to those expressions in Sections 249 and 435 of the Insolvency Act 1986

- (7) (a) Where it becomes necessary to appoint a new Independent Trustee Director, the replacement Independent Trustee Director

- (i) must be Independent (as negatively defined in paragraph (6)(c) above), and
 - (ii) must be, in the Directors' opinion, of at least broadly comparable repute and financial standing compared with the last previous Independent Trustee Director
- (b) A person satisfying the requirements of (a) above and chosen by the Directors shall become the replacement Independent Trustee Director with effect from the date the incumbent Independent Trustee Director ceases to hold office or, if later, the date he formally gives his consent to be appointed as Independent Trustee Director
- (c) Where the Independent Trustee Director has ceased to be the Independent Trustee Director under paragraph (6)(b) above, the Directors may act for the purpose of choosing a new Independent Trustee Director (but not otherwise) as if Article 23(2) had effect with the omission of
- the words "and the Independent Trustee Director", and
 - the words "if reasonable notice has been given to the Independent Trustee Director by the Secretary"

and all references in the Trust Deed and Rules to the Independent Trustee shall have effect as if they were references to the Independent Trustee Director

- (8) The office of director shall be vacated by any relevant Director immediately if he/she
- (a) ceases to be a director by virtue of any provision of the Act or the 2006 Act or becomes prohibited by law from being a director, or
 - (b) becomes or is subject to a prohibition order made by The Pensions Regulator preventing him from acting as a trustee of all or any pension schemes, or
 - (c) is disqualified from acting as a trustee of an occupational pension scheme

PENSIONS ACT COMPLIANCE

22. If and for so long as the Company is a trustee of a trust scheme as a result of which section 242 of the Pensions Act 2004 applies to the Company, the Company shall secure that

arrangements in accordance with section 242 of the Pensions Act 2004 as applicable (the "Arrangements") are implemented Any applicable Arrangements shall override any provisions of the articles which are inconsistent

PROCEEDINGS OF DIRECTORS

23. (1) The Directors shall meet when convened by the chairman and otherwise as they determine but in any event not more than 7 months after their last meeting Unless $\frac{3}{4}$ of the Directors agree otherwise, 7 days' notice in writing shall be given of all board meetings
- (2) The conduct of Directors' meetings shall be determined by the Directors, and until otherwise determined half of ANUK nominated Directors and half of the Member nominated Directors and the Independent Trustee Director from time to time appointed present in person or by proxy shall be a quorum, and Regulation 89 shall be modified accordingly Provided that if within one hour of the time appointed for a meeting no quorum is present, the chairman of the meeting may adjourn the meeting for a period of not less than twenty four hours, and at such adjourned meeting if reasonable notice has been given to the Independent Trustee Director by the Secretary, any five Directors present in person or by proxy shall be a quorum
- (3) Questions arising for the Directors shall be decided by a simple majority of votes, except where otherwise provided by the Trust Deed and Rules in the case of individual trustees in which case equivalent arrangements will apply mutatis mutandis but as if references to trustees were to directors, and in the case of an equality of votes the chairman shall have a second or casting vote
- (4) A resolution in writing signed by all the Directors shall be as effective as a resolution passed at a duly convened meeting, and may consist of several identical documents each signed by one or more Directors
- (5) The Directors shall keep minutes of all their resolutions and proceedings, and such minutes signed by the chairman of the meeting or of the next meeting shall be conclusive evidence of the matters therein stated
- (6) The Directors may subject to the provisions of paragraph (2) above act notwithstanding that a vacancy has arisen in their numbers, save that while there are less than 3 Member nominated Directors the Directors may act only for the purpose of arranging appointments of additional Member nominated Directors or in applying to the Court for directions
- (7) ANUK shall appoint a chairman of the Directors from their number, and shall likewise appoint chairmen of any sub-committees of the Directors

- (8) A Director absent or intending to be absent from the United Kingdom may request the Directors during his absence to send notice of meetings of the Directors to him at such address within the United Kingdom as he may give to the Company for this purpose, but in the absence of such a request it shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom. Regulation 88 shall be modified accordingly.
- (9) Any Director (including an alternate director) may participate in a meeting of the Directors or a committee of the Directors of which he is a member by means of a conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other. A person so participating shall be deemed to be present in person at such meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- (10) At such times as the Company has only a sole Director his decisions shall be recorded in writing and the written record shall be provided to ANUK.

SECRETARY

24. Subject to his expressing willingness to act, the Directors shall appoint the person who is the Secretary to the Scheme for the time being appointed under Clause 9(9) of the Trust Deed as company secretary. If he is not so willing, and the Company is required by the 1985 Act to have a secretary (or if the Company is not so required but the Directors decide that the Company should have a secretary) the secretary shall be appointed by the Directors for such term, at such remuneration and upon such other conditions as they may think fit, and any secretary so appointed may be removed by them.

THE SEAL

25. In addition to its powers under section 36A of the Act, the Company may have a seal and the Directors shall provide for the safe custody of such seal. The Directors shall determine who may sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and shall be countersigned by the secretary or by a second Director. The obligation under Regulation 6 relating to the sealing of share certificates shall only apply if the Company has a seal.

INDEMNITY AND INSURANCE

- 26.1 With the written consent of ANUK, the Company may indemnify, out of the assets of the Company, any Director of the Company or of any associated company against all losses and liabilities which he may sustain or incur in the execution of the duties of his office or otherwise in relation thereto, including, in respect of any Director of either the Company or

any associated company, where the Company or such associated company acts as trustee of the Scheme, against liability incurred in connection with the relevant company's activities as trustee of the Scheme, provided that (i) the indemnity provided by this Article 26 1 shall be limited to any extent necessary for it to be a 'qualifying pension scheme indemnity provision' within the meaning of section 235 of the 2006 Act, and (ii) it shall not apply where such loss or liability is directly attributable to the Director's own dishonesty or the wilful commission by him of some act known by him to be a breach of trust (or, in the case of the Independent Trustee Director, to a loss or liability which is directly attributable to the Independent Trustee Director's own negligence or dishonesty or is a knowing or reckless breach of trust whether by omission or commission)

- 26.2** Subject to the 2006 Act, with the written consent of ANUK, the Company may provide a Director of the Company or of ANUK or of any other holding company of the Company with funds to meet expenditure incurred or to be incurred by him in defending any civil or criminal proceedings brought or threatened against him, or any investigation carried out or proceedings brought or threatened against him by any regulatory authority, in any case in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or in connection with any application under sections 661(3) or (4) or section 1157 of the 2006 Act
- 26.3** With the written consent of ANUK, the Company shall be entitled to purchase and maintain insurance for any Director of the Company or of any associated company against any liability attaching to any such person in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any such associated company
- 26.4** For the purpose of Articles 26 1 and 26 3 above, a company will be "**associated**" with another if one is a subsidiary of the other or both are subsidiaries of the same body corporate as such terms are defined in the 2006 Act

NOTICES

- 27.** Any notice, document or information to be given to or by any person pursuant to these Articles or otherwise by the Company to a member (other than a notice calling a meeting of the Directors or a committee thereof) shall be in writing or shall be given in electronic form or, in the case of a notice, document or information sent by the Company to a member, by publication on a website subject to and in accordance with the 2006 Act. A notice, document or information given by electronic means to an address specified for the purpose is deemed to have been given 24 hours after it was sent, and Regulation 115 is modified accordingly. A notice, document or information given by means of publication on a website is deemed to have been given when (i) the notice, document or information was first made available on the website, or (ii) if later, when notification that the notice, document or information was available on the website was received or deemed received

CONFLICTS OF INTEREST

28 1 A Director of the Company may at any time on or after 1 October 2008

- be a member of any pension scheme of which the Company is a trustee,
- be a director, officer or employee of any company participating in any such pension scheme, or of an associate of any such company,
- be a shareholder, share option holder or debenture holder of any such company,
- be a member of, or hold an office within, any trade union applicable to any employment in relation to any such pension scheme, or other relevant representative or consultative group, or
- have a family member who has one of the above interests

28 2 Notwithstanding his or her office or the existence of an actual or potential conflict between any interest as described in Article 28 1 above and the interests of the Company which would fall within the ambit of section 175(1) of the Companies Act 2006, a Director

- (a) will not be obliged to disclose to the Company or use for the benefit of the Company any confidential information received by him or her otherwise than by virtue of his or her position as a Director, if to do so would breach any duty of confidentiality to a third party, and
- (b) shall not be obliged to account to the Company for any remuneration or other benefits received in consequence of the relevant situation,

and in connection with any such actual or potential conflict of interests, the Company may require the relevant Director

- (c) to maintain in the strictest confidence any confidential information relating to the Company which also relates to the relevant situation, and
- (d) not to attend any part of a meeting of the Directors at which any such matter which may be relevant to the conflict situation is to be discussed, and any board papers relating to such matters may be withheld from that Director

29 1 If a situation not within the scope of Article 28 1 arises or exists on or after 1 October 2008 in which a Director has or could have a direct or indirect interest that conflicts, or may potentially conflict, with the interests of the Company (other than an interest arising in relation to a transaction or arrangement with the Company or in circumstances which cannot reasonably be regarded as likely to give rise to a conflict of interest) the Director concerned, or any other Director, may propose to the board that such situation be authorised, such proposal to be made in writing and delivered to the other Directors or made orally at a meeting of the board, in each case setting out particulars of the relevant situation. Subject to the Companies Act 2006, the Directors may authorise such situation and the continuing

performance by the relevant Director of his or her duties as a Director of the Company on such terms as they may think fit. Those terms may include, without limitation, terms that the relevant Director

- (a) will not be obliged to disclose to the Company or use for the benefit of the Company any confidential information received by him or her otherwise than by virtue of his or her position as a Director, if to do so would breach any duty of confidentiality to a third party,
- (b) may be required by the Company to maintain in the strictest confidence any confidential information relating to the Company which also relates to the relevant situation,
- (c) may be required by the Company not to attend any part of a meeting of the Directors at which any such matter which may be relevant to the conflict situation is to be discussed, and any board papers relating to such matters may be withheld from that Director, or
- (d) shall not be obliged to account to the Company for any remuneration or other benefits received in consequence of the relevant situation

29.2 The relevant Director shall not be counted in the quorum at the relevant meeting of the Directors to authorise a conflict situation as mentioned in Article 29.1 nor be entitled to vote on the resolution authorising such situation. When giving such authorisation for a particular Director, any other interested Director (within the meaning of section 175(6)(a) of the Companies Act 2006) may be counted in the quorum and may vote in relation to such resolution.

29.3 The provisions of Articles 29.1 and 29.2 shall not apply to a conflict of interest which arises in relation to an existing or proposed transaction or arrangement with the Company but the following provisions of this Article 29.3 and Article 29.4 shall so apply. Any Director may be interested in an existing or proposed transaction or arrangement with the Company provided that he or she complies with the Companies Act 1985 (or, from 1 October 2008, the Companies Act 2006) and (if applicable) Regulations 85 and 86 of Table A.

29.4 Without prejudice to the obligation of each Director to declare an interest in a proposed or existing transaction or arrangement in accordance with the Companies Act 1985 (or, from 1 October 2008, the Companies Act 2006), a Director may vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he or she has an interest, whether direct or indirect, which relates to a transaction or arrangement with the Company, or in relation to which he or she has a duty. Having so declared any such interest or duty he or she may have, the Director shall be counted in the quorum present when any such resolution is under consideration and if he or she votes on such resolution his or her vote shall be counted.