

**Company number 14602558**

**ARTICLES OF ASSOCIATION**

of

**KERB GROUP LIMITED**

a private company limited by shares incorporated under the Companies Act 2006

These articles were adopted by a special resolution passed on 26 January 2024

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## PART I - INTERPRETATION

### 1. INCORPORATION OF MODEL ARTICLES

- 1.1 The model articles for private companies limited by shares at Schedule 1 to the Companies (Model Articles) Regulations 2008 in force on the Date of Adoption (the **Model Articles**) are incorporated in and form part of these articles, except to the extent that they are excluded or modified or otherwise inconsistent with these articles. A modified copy of the Model Articles is attached at Appendix 1, reflecting Article 1.2. No other default or model article made in or under any statute concerning companies applies as any regulation or article of the company.
- 1.2 Model Articles 6(2), 7, 8, 9(1), 9(3), 9(4), 11, 12, 13, 14(1)-(4), 15, 17(1), 26(5), 41(4) and 50 do not apply.

### 2. INTERPRETATION

- 2.1 In the articles, unless the context requires otherwise:

**A Share** means an ordinary share of £0.01 each in the share capital of the company designated as an A Share;

**A Share Director** means any director appointed and holding office pursuant to article 5.1 and A Share Directors shall be construed accordingly;

**A Shareholder Majority** means the holder or holders of a majority in nominal value of the A Shares in issue from time to time;

**A Shareholders** means the holders for the time being of A Shares;

**alternate** or **alternate director** has the meaning given in article 18;

**Appointing Shareholder** has the meaning given in article 12.1.3;

**appointor** has the meaning given in article 18.1;

**associate** means a person who is connected with that person where "connected" has the meaning given in section 1122 of the Corporation Tax Act 2010;

**B Share** means an ordinary share of £0.01 each in the share capital of the company designated as a B Share;

**B Share Capped Amount** has the meaning given in article 23.3;

**B Shareholders** means the holders for the time being of B Shares;

**Bad Leaver** means a Leaver who is not a Good Leaver or a Very Bad Leaver;

**Business Day** means a day (other than a Saturday or Sunday or public holiday in England) when banks are open for business in London;

**C Share** means an ordinary share of £0.01 each in the share capital of the company designated as a C Share;

**C Share Director** means any director appointed and holding office pursuant to article 5.2 and C Share Directors shall be construed accordingly;

**C Shareholder Majority** means the holder or holders of a majority in nominal value of the C Shares in issue from time to time;

**C Shareholders** means the holders for the time being of C Shares;

**chair** has the meaning given in article 11.2;

**Companies Act** means the Companies Act 2006 as amended from time to time;

**Company or company** means Kerb Group Limited, a company incorporated in England and Wales under registration number 14602558;

**Completion** has the meaning given in article 35.2.1;

**Compulsory Transfer Event** has the meaning given in article 31;

**conflict** has the meaning given to it in article 14.1;

**Continuing Shareholders** has the meaning given to article 32.3;

**Control** shall have the meaning given in section 450 of the Corporation Tax Act 2010 and the expression **change of Control** or **Controlled** shall be construed accordingly;

**D Share** means an ordinary share of £0.01 each in the share capital of the company designated as a D Share;

**D Share Director** means any director appointed and holding office pursuant to article 5.3 and D Share Directors shall be construed accordingly;

**D Shareholder Majority** means the holder or holders of a majority in nominal value of the D Shares in issue from time to time;

**D Shareholders** means the holders for the time being of D Shares;

**Date of Adoption** means the date of adoption of these articles;

**Deemed Transfer Notice** means a Transfer Notice deemed to be given under any provision of these articles or any Relevant Agreement;

**Drag Notice** has the meaning given in article 35.2;

**electronic form** has the meaning given in section 1168 of the Companies Act;

**Employee Benefit Trust** means any trust established, with the prior written consent of the A Shareholder Majority, for the purpose of enabling or facilitating transactions in shares between, and/or the acquisition of beneficial ownership of shares by, employees or potential employees of, or consultants or potential consultants to, any Group Company;

**excess securities** has the meaning given to it in article 25.3.2;

**Fair Value** has the meaning given in article 33.1;

**Family Trust** means, in relation to an individual, a trust or settlement which does not permit at any time while that trust or settlement holds any shares which are the subject of the trust, any of the settled property or the income from it to be applied otherwise than for the benefit of that individual and/or a Privileged Relation of that individual;

**Good Leaver** means a Leaver who:

- (a) dies;
- (b) becomes a Leaver as a result of suffering a serious and permanent illness or disability other than due to the use of alcohol or drugs which, in the opinion of the board of directors, is sufficiently serious to permanently prevent the relevant Leaver from carrying out their normal duties; or
- (c) is designated a Good Leaver by a decision of the board of directors (including one of either the A Share Director or the C Share Director approving such designation);

**Group** means the company and its subsidiary undertakings from time to time and **Group Company** means any one of them;

**Issue Price** means the amount paid up or credited as paid up on the Shares concerned (including any premium);

**Leaver** means a B Shareholder who ceases to be an employee, director or consultant of any Group Company;

**member of the same group** in relation to any undertaking, means that undertaking, any subsidiary undertaking or parent undertaking of that undertaking and any subsidiary undertaking of any parent undertaking of that undertaking;

**Model Articles** has the meaning given in article 1;

**Non Pre-emptive Share Issue** means an issue of A Shares in respect of which the Shareholders have waived their pre-emption rights in accordance with article 25.3;

**Optionholder** has the meaning given in article 35.4;

**Original Transferor** means the original person from whom shares are acquired by reason of a transfer or series of permitted transfers under article 30;

**Other Equity Securities** has the meaning given in article 25.3;

**Permitted Interests** has the meaning given in article 12.1;

**Permitted Transfer Group** has the meaning given in article 30.4;

**Permitted Transfer Shares** has the meaning given in article 30.4;

**Permitted Transferee** means a person who only holds shares (including any shares derived from shares originally transferred) by reason of a transfer or series of permitted transfers under article 30;

**Privileged Relation** means the spouse or civil partner of the relevant Shareholder who is in both cases living with the relevant shareholder and the Shareholder's lineal descendants (including any adopted or illegitimate lineal descendent of that shareholder) and in each case

in respect of whom no compulsory transfer event under article 31.1 has occurred or would have occurred if that person were a shareholder);

**Proposing Transferor** has the meaning given to article 32.3;

**Purchase Notice** has the meaning given in article 32.5;

**Relevant Agreement** means any agreement relating (in whole or in part) to the management and/or affairs of the company which is binding from time to time on the shareholders or the company and the shareholders and which (expressly or by implication) supplements and/or prevails over any provisions of the articles;

**Relevant Shareholder** has the meaning given in article 16.1;

**Remaining Shareholders** has the meaning given in article 35.2;

**Return of Capital** has the meaning given in article 23.2;

**Shareholder Class Majority** means the A Shareholder Majority, the C Shareholder Majority or the D Shareholder Majority and the **Shareholder Class Majorities** shall mean all of them;

**Shareholder Consent** means with the prior written consent of each of the Shareholder Class Majorities;

**Shareholders** or **shareholders** means the A Shareholders, the B Shareholder, the C Shareholder and the D Shareholder and Shareholder means either of them;

**Shares** means together the A Shares, the B Shares, the C Shares and the D Shares;

**subsidiary** and **holding company** have the meanings set out in section 1159 of the Companies Act;

**Surplus Proceeds** has the meaning given in article 23.2;

**Tag Offer** has the meaning given in article 34.2;

**Tag Price** has the meaning given in article 34.2;

**Termination Date** means the date on which a person becomes a Leaver, which will be as follows in the following cases:

- (a) where a person becomes a Leaver by virtue of notice given by a Group Company to the employee, the date of that notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the employer in respect of the termination);
- (b) where a person becomes a Leaver because a contract of employment is terminated by the employee by giving notice to the Group Company employer, the date of that notice taking effect;
- (c) where a person becomes a Leaver by reason or in consequence of a contract of employment, contract for services or directorship being terminated for any reason other than in the circumstances set out in paragraphs (a) or (b) above, the date on which the action or event giving rise to the termination occurs;

- (d) where a person is designated by the board of directors to be a Leaver, the date on which that designation is made; and
- (e) where a person becomes a Leaver by reason of death, bankruptcy, the date on which that person dies or is made bankrupt;

**Third Party Buyer** has the meaning given in article 32.3.1;

**Transfer Notice** means a notice given by a shareholder proposing to transfer all or part of their holding of shares and includes, where the context allows, a Deemed Transfer Notice;

**Transfer Price** means the price per share calculated in accordance with article 32.3.2;

**Transfer Shares** has the meaning given in article 32.3;

**transferor** has the meaning given in article 29.8;

**Valuer Appointing Shareholders** has the meaning given in article 33.1.1;

**Valuers** means the valuers appointed in accordance with article 33.1;

**Very Bad Leaver** means a Leaver:

- (a) who has committed, or the board of directors (excluding the Leaver, if applicable) have reason to believe has committed, any:
  - (i) act of fraud or serious dishonesty (including theft or attempted theft of property or the acceptance or offering of bribes);
  - (ii) breach of any restrictive covenant whether contained in the Relevant Agreement or that Leaver's employment, consultancy or service agreement or otherwise; or
  - (iii) material breach of the provisions of any Relevant Agreement or these articles; or
- (b) who becomes a Leaver in circumstances where the termination of such Leaver's employment, office and/or consultancy agreement is by settlement where the circumstances in (a) above apply;

**Voluntary Transfer Notice** has the meaning given in article 32.3; and

**Working Hours** means the period between 9.30am and 5.30pm (London time) on any Business Day.

2.2 Unless specifically provided otherwise, words and expressions defined in the Model Articles have the same meaning in these articles. Subject to that and, unless the context requires otherwise, other words or expressions contained in these articles have the same meaning as in the Companies Act as in force on the date when these articles become binding on the company.

2.3 Unless the context requires otherwise, references in these articles to:

2.3.1 any of the masculine, feminine and neuter genders includes all other genders;



- 2.3.2 the singular includes the plural and plural includes the singular;
- 2.3.3 a **person** includes a reference to any person, individual, partnership, limited liability partnership, company, firm, corporation, government, state or agency of a state or any undertaking (whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
- 2.3.4 a reference to any statute or statutory provision is to it as it may have been amended, modified or re-enacted from time to time.
- 2.4 The headings in these articles are for convenience only and do not affect the construction or interpretation of the articles.
- 2.5 In construing these articles, general words (including words introduced by the word **other**) are not to be given a restrictive meaning by reason of the fact that they are either preceded by words indicating a particular class of acts, matters or things or followed by particular examples intended to be embraced by the general words.
- 2.6 In construing these articles in relation to any shareholder, any English legal term for any action, remedy, method of judicial proceeding, insolvency proceeding, event of incapacity, legal status, court, governmental or administrative authority or agency, official or any legal concept, practice or principle or thing, in respect of any jurisdiction other than England where a shareholder is domiciled, resident, incorporated or carries on business is deemed to include what is closest in that jurisdiction to the English legal term.

## **PART 2 – DIRECTORS**

### **3. DIRECTORS' POWERS**

The directors may make rules of procedure for all or any committees, except where those rules are not consistent with these articles.

### **4. MINIMUM NUMBER OF DIRECTORS**

For so long as there are A Shares, C Shares and D Shares in issue and except as provided otherwise in article 5.4, the number of directors shall not be fewer than two.

### **5. METHODS OF APPOINTING AND REMOVING DIRECTORS**

- 5.1 The holder or holders of a majority in nominal value of the A Shares in issue may at any time by notice in writing to the company, signed by that holder or those holders, appoint up to two persons as A Share Directors (and as members of each and any committee of the board), remove such A Share Directors, and appoint any other persons to be a directors in the place of the A Share Directors.
- 5.2 The holder or holders of a majority in nominal value of the C Shares in issue may at any time by notice in writing to the company, signed by that holder or those holders, appoint one person as the C Share Director (and as a member of each and any committee of the board), remove such C Share Director, and appoint any other person to be a director in the place of the C Share Director.
- 5.3 The holder or holders of a majority in nominal value of the D Shares in issue may at any time by notice in writing to the company, signed by that holder or those holders, appoint one person as the D Share Director (and as a member of each and any committee of the board),

remove such D Share Director, and appoint any other person to be a director in the place of the D Share Director.

- 5.4 If, at any time, there are no longer any A Shares, C Shares or D Shares in issue (as the case may be), the holder or holders of the last share or shares of that class to exist will be deemed, immediately on ceasing to hold that share or shares, to have served notice under article 5.1, 5.2 or 5.3 (as the case may be) removing all the directors appointed at any time by the holders of the class which is no longer in existence.
- 5.5 Any director appointed by notice under this article may at any time disclose to his appointor(s) anything relating to the business and affairs of the company and its subsidiaries as he may decide.
- 5.6 Any notice which is given under articles 5.1 to 5.3 or is required by these articles to be given in accordance with this article 5.6:
- 5.6.1 will take effect on the earlier of it being received by the company or made available to all directors at a meeting of directors, unless the notice states that it is to have effect from a later time, in which case it shall take effect at that later time; and
- 5.6.2 must, if it is to be signed by or on behalf of a body corporate, be signed by an officer or a duly appointed representative of the holder.
- 5.7 The removal of a director under this article 5 will not affect any claim which he may have under any contract between himself and the company.
- 5.8 Every director appointed under this article 5 will hold office until he is either removed as provided by statute or this article 5 or ceases to be a director under Model Article 18. No director may be appointed except as provided in these articles and unless he is willing to act as a director and is permitted by law to do so.
- 5.9 In addition to the matters set out in Model Article 18, a person ceases to be a director as soon as:
- 5.9.1 that person has been convicted of a criminal offence:
- (a) which involves an element of dishonesty;
- (b) the commission of which brings a group company into material disrepute; or
- (c) which results in such person being disqualified as a director;
- 5.9.2 the person, or their relevant appointing Shareholder pursuant to articles 5.1 to 5.3 has committed a material breach of any material term of any Relevant Agreement or these articles;
- 5.9.3 that person's appointing shareholder pursuant to articles 5.1 to 5.3 ceases to be a shareholder;
- 5.9.4 a bankruptcy order is made against that person;

- 5.9.5 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
- 5.9.6 by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have.

## **6. DECISION-MAKING BY DIRECTORS**

### **6.1 Decisions of directors may be taken:**

- 6.1.1 in the form of a directors' written resolution; or
- 6.1.2 at a meeting of directors.

### **6.2 Where the company is required to have a minimum number of directors under article 4, decisions may not be taken until sufficient directors have been appointed to satisfy that minimum. Where that minimum does not apply and if the company only has one director, article 6.1 does not apply, and the director may take decisions without regard to articles 7 to 13 inclusive and will be entitled to exercise all powers and discretions conferred on the directors by the Companies Acts and these articles.**

## **7. ADOPTION OF DIRECTORS' WRITTEN RESOLUTIONS**

- 7.1 A proposed directors' written resolution is adopted when all the directors who would have been entitled to vote on the resolution at a directors' meeting have signed it whether on a single copy or counterparts.
- 7.2 It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.
- 7.3 Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.

## **8. CALLING A DIRECTORS' MEETING**

- 8.1 Any director may call a directors' meeting by giving (or by authorising the company secretary, if any, to give) to each director at least five clear Business Days' notice in writing of the meeting (or any lesser period of notice as may be agreed to in writing by a director).
- 8.2 Notice of a directors' meeting need not be given to any director who waives his entitlement to notice of the meeting by giving notice of that waiver to the company either before, during or after the meeting is held. Where such waiver is given, whether before, during or after the meeting, the fact of failure to give notice to the director who waives notice (or the fact that notice of the meeting is given late to that director) will not affect the validity of the meeting or of any business conducted at it.
- 8.3 Notice of a director's meeting shall be given to all directors entitled to receive notice and shall be accompanied by an agenda specifying in reasonable detail the matters to be raised at the meeting and copies of any papers to be discussed at the meeting.

## **9. PARTICIPATION IN DIRECTORS' MEETINGS**

Model Article 10 is modified so that directors must also each be able to hear each other to participate in a directors' meeting or part of it.

## **10. QUORUM FOR DIRECTORS' MEETINGS**

10.1 At a directors' meeting, unless a quorum is participating within 15 minutes after the time specified for the meeting or if a quorum ceases to be present, no proposal is to be voted on and the meeting will be adjourned to the same day in the next week at the same time and place (or to any other day, time and place as an A Share Director, the C Share Director and the D Share Director may agree in writing). At a meeting which has been adjourned twice, the quorum will be one director who is present and would be entitled to vote on the business of the meeting at a meeting of directors.

10.2 A meeting of the board must be adjourned at the request of one or more directors present at the meeting to another time and place that is at least five clear Business Days later (or such other date as may be agreed in writing by a majority of the directors). No business may be conducted at a meeting after such a request has been made. No more than two adjournments may be made in respect of a meeting.

10.3 Without prejudice to article 5.4, subject to articles 10.4 to 10.7, the quorum for transaction of business of the directors is three directors entitled to vote on the matter in question including:

10.3.1 for so long as an A Share Director has been appointed, one A Share Director;

10.3.2 for so long the C Share Director has been appointed, the C Share Director; and

10.3.3 for so long the D Share Director has been appointed, the D Share Director.

10.4 If no A Share Director is, by any provision of these articles or by law, permitted to count to in the quorum for the transaction of the business at a meeting of the directors or a committee of directors, the quorum for the part of the meeting in question will be the C Share Director and the D Share Director.

10.5 If no C Share Director is, by any provision of these articles or by law, permitted to count to in the quorum for the transaction of the business at a meeting of the directors or a committee of directors, the quorum for the part of the meeting in question will be an A Share Director and the D Share Director.

10.6 If no D Share Director is, by any provision of these articles or by law, permitted to count to in the quorum for the transaction of the business at a meeting of the directors or a committee of directors, the quorum for the part of the meeting in question will be an A Share Director and the C Share Director.

10.7 If only one director is able to count to the quorum and vote on a particular decision at a meeting of the directors or a committee of the directors by reason of any provision of these articles or by law, the quorum will be one for the part of the meeting in question.

## **11. CHAIR AND VOTING AT DIRECTORS' MEETINGS**

11.1 Subject to these articles, a decision of the directors at a meeting is taken by a majority of votes of the participating directors and each director has one vote.

- 11.2 The A Shareholder Majority may at any time by notice in writing to the company signed by that holder or holders appoint any person to be the chair of the board of directors (the **chair**) and the board of any Group Company and terminate his appointment at any time by notice in writing to the company or Group Company (as the case may be) signed by or on behalf of that holder or those holders, provided that:
- 11.2.1 the A Shareholder Majority shall not appoint a person as chair without the prior written consent of the C Shareholder Majority and the D Shareholder Majority provided that the C Shareholder Majority and the D Shareholder Majority shall only be permitted to withhold such consent where, acting reasonably and in good faith, it is of the view that the proposed appointee:
- (a) does not have sufficient knowledge and experience to effectively undertake the duties of the chair of the Company;
  - (b) the proposed appointee is not able to fully and effectively perform their statutory duties as a director of the Company in accordance with the Companies Act; or
  - (c) the proposed appointee has close family ties with any A Shareholder; and
- 11.2.2 if at any time following appointment, the chair of the board ceases to meet the criteria set out in article 11.2.1, such that were he to be proposed to be appointed at such time, the C Shareholder Majority and the D Shareholder Majority would have a right to withhold consent to their appointment, the A Shareholder Majority shall as soon as reasonably practicable upon written request by either or both of the C Shareholder Majority and the D Shareholder Majority, terminate the appointment of the chair and propose a replacement.
- 11.3 If the chair is not participating in a directors' meeting within 15 minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.
- 11.4 The chair has a casting vote at a meeting of directors or a committee of directors, except where he is not able to vote on a particular decision by reason of any provision of these articles or by law.
- 11.5 Subject to article 11.4, in the event of no decision being reached in relation to any decision being voted upon by the board then, subject to any Relevant Agreement, the status quo shall prevail.

## 12. **PERMITTED INTERESTS**

- 12.1 Provided that a director has, if required, disclosed his interest in accordance with article 13 or 14, a director is, notwithstanding his office, authorised to hold the following interests (**Permitted Interests**):
- 12.1.1 to be a party to, or otherwise interested in any transaction or arrangement with the company or in which the company is otherwise interested;
  - 12.1.2 to be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the company or in which the company is interested;

- 12.1.3 to be a director or other officer of, or employed by, or otherwise interested (including by holding shares) in, any shareholder who appointed him pursuant to articles 5.1 to 5.3 (the **Appointing Shareholder**), but only for so long as the Appointing Shareholder is a holder of sufficient shares in the company to have a right to appoint or remove him; and
  - 12.1.4 to be a director or other officer of, or employed by, or otherwise interested (including by holding shares) in, any member of the same group as his Appointing Shareholder, but only for so long as that Appointing Shareholder is a holder of shares in the company with a right to appoint or remove him and that member continues to be a member of the same group as his Appointing Shareholder.
- 12.2 No director will, as a result of any Permitted Interest, be accountable to the company by reason of his office as a director of the company for any benefit he derives from a Permitted Interest. No transaction or arrangement may be avoided as a result of a Permitted Interest.
- 12.3 To the extent that it would breach section 175 of the Companies Act, if not authorised, each Permitted Interest and any conflict of interest which may reasonably be expected to arise out of a Permitted Interest is authorised for the purpose of that section and will not require separate authorisation under article 14. The authorisation in this article 12.3 may be withdrawn or varied at any time by the directors or shareholders without affecting anything done by the director or shareholder before the withdrawal or variation. Article 14.7 applies to permit conduct by the director in relation to the Permitted Interest as if it were a conflict authorised under article 14.
- 13. INTERESTS IN TRANSACTIONS WITH THE COMPANY**
- Each director must declare the nature and extent of any, direct or indirect, interest in a transaction or arrangement with the company to the extent required to do so in accordance with the Companies Act, including in particular sections 177 and 182.
- 14. INTERESTS OTHER THAN IN TRANSACTIONS WITH THE COMPANY**
- 14.1 Each director must declare any situation in which he has or can have a direct or indirect interest which conflicts (or possibly may conflict) with the interests of the company and which, if not authorised or ratified, would amount to a breach of section 175 of the Companies Act (a **conflict**). A declaration of a conflict must be made to the other directors, unless they are already aware of the interest and its extent.
- 14.2 Either the directors may or, if the directors are (or may be) unable or unwilling to authorise the conflict, the shareholders may, authorise any conflict declared under article 14.1. They may also authorise a matter which would amount to a conflict on appointment of a person as a director. That authorisation will have effect from the appointment of that person as a director.
- 14.3 Any director (including the director in question) or the company secretary, if any, may propose that a conflict be authorised by the directors. An authorisation of a conflict which is given at a meeting of directors will only be effective if the quorum requirements would be met without counting the director in question or any other interested director and if the matter was agreed to without their voting or would have been agreed to if their vote had not been counted. The authorisation may also be given by a directors' written resolution, taking account of the restrictions on voting and quorum at meetings set out in this article 14.3.

- 14.4 Save as otherwise required by law, any authorisation to be given by the shareholders may be by ordinary resolution.
- 14.5 Any authorisation of a conflict may (whether at the time of giving the authority or subsequently):
- 14.5.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised; and
  - 14.5.2 be subject to such terms and for such duration, or impose such limits or conditions as the authorisation may specify,
- and the director must conduct himself in accordance with any such terms, limits or conditions.
- 14.6 The authorisation of conflict may, in the case of an authorisation given by the directors, be terminated or varied by the directors or the shareholders at any time; and, in the case of an authorisation given by the shareholders, be terminated or varied by the shareholders at any time. No variation or termination will affect anything done by a director before that termination or variation in accordance with the terms of the authorisation.
- 14.7 Unless otherwise provided in the terms of the authorisation (as varied from time to time), the director will have the authority (without breaching his other duties to the company):
- 14.7.1 not to disclose any information to the company or use or apply any information in performing his duties, where he has obtained that information through his involvement in the conflict otherwise than as a director of the company and in respect of which he owes a duty of confidentiality to another person, where to do so would amount to a breach of that confidence; and
  - 14.7.2 to absent himself from discussions whether in meetings of the directors or otherwise and exclude himself from information which will or may relate to that conflict.
- 14.8 Unless otherwise provided in the terms of the authorisation (as varied from time to time), the director will not by reason of his office as a director of the company be accountable to the company for any benefit which he derives from any authorised conflict and no transaction or arrangement will be liable to be avoided on such grounds.

## **15. INTERESTED DIRECTOR PARTICIPATION IN DECISION-MAKING**

- 15.1 Where a proposed decision of the directors concerns any matter in respect of which a director has a direct or indirect interest or a duty which does (or may) conflict with an interest or duty he owes to the company (whether by reason of his being interested in a transaction or arrangement with the company or otherwise), he may be counted as participating in the decision-making process for quorum or voting purposes provided that:
- 15.1.1 he has disclosed his interest in accordance with the articles and the Companies Act (including without limitation sections 177 and 182) and, where necessary, such interest has been authorised in accordance with article 14; and
  - 15.1.2 his participation is not in breach of any terms and conditions imposed by the directors or shareholders in accordance with article 14 and the other provisions of the articles.

- 15.2 The definition of "participate" in the Model Articles in relation to a directors' meeting is modified to have the meaning given in article 15.1.

## 16. PROCEEDINGS WITH RELATED PARTIES

- 16.1 Article 16.2 applies in relation to the following matters:

- 16.1.1 where any Group Company has any bona fide claim or bona fide potential claim against a shareholder, any associate of a shareholder or any director who is an associate of a shareholder for breach of a Relevant Agreement, these articles or any other transaction or arrangement with that shareholder, associate or director;
- 16.1.2 where any Group Company has any bona fide claim or bona fide potential claim against a director who is appointed by a shareholder, or who is the associate of a shareholder, for negligence, default, breach of duty or breach of trust; and
- 16.1.3 where any claim or potential claim is brought, threatened or asserted in whatever capacity against the Company or any Group Company by a shareholder, an associate of a shareholder or a director appointed by a shareholder,

in each case, that shareholder being a **Relevant Shareholder** for this article 16.

- 16.2 Where this article applies and the Relevant Shareholder has been notified by another shareholder in writing and in reasonable detail as to the nature of the relevant claim or potential claim to which article 16.1 refers, notwithstanding articles 12 or 13 or the terms of any authorisation given under article 14, any director appointed by the Relevant Shareholder and its associates or in the case of article 16.1.2 the director concerned, will not:

- 16.2.1 attend, speak, count to the quorum or vote on any decision of the directors (at a board meeting) relating to that matter; or
- 16.2.2 be entitled to receive any board resolution or other papers relating to that matter or be required to consent to any board decision in writing on that matter; or
- 16.2.3 do anything to prevent the enforcement of any right or defence, compromise, negotiation or settlement of any claim to which this article applies,

and agrees that the other directors will have sole responsibility for all decisions made on behalf of that matter and the conduct of any proceedings on behalf of the Company. If anything to be done or omitted to be done by the company in relation to the matter in question would otherwise require the consent of the director or Relevant Shareholder and/or his associates under any provision of the articles, that consent will not be required.

- 16.3 The company will procure that any moneys or property received or recovered by the company or any of its subsidiaries as a result of any proceedings or the enforcement of any claims that are subject to this article 16 will be applied by the company or subsidiary (as applicable) in a proper and efficient manner and for its own benefit.

## 17. RECORDS OF DECISIONS TO BE KEPT

The directors must ensure that the company keeps a record, in writing, for at least ten years from the date the decision is recorded, of every decision taken by the directors.



## **18. APPOINTMENT AND REMOVAL OF ALTERNATES**

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

18.1.1 exercise that director's powers; and

18.1.2 carry out that director's responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate's appointor. The same alternate may be appointed by more than one director.

18.2 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.

18.3 The notice must:

18.3.1 identify the proposed alternate; and

18.3.2 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.

18.4 In these articles, where the context permits, the term A Share Director, C Share Director or D Share Director includes an alternate appointed by an A Share Director, the C Share Director or the D Share Director as the case may be.

18.5 Notwithstanding any other provisions of these articles, any appointment to be made under this article 18 by Simon Mitchell shall be made with the prior written consent of Compass (such consent not to be unreasonably withheld or delayed).

## **19. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

19.1 Except as the articles specify otherwise, an alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor.

19.2 Except as the articles specify otherwise, alternate directors:

19.2.1 are deemed for all purposes to be directors;

19.2.2 are liable for their own acts and omissions;

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

19.2.4 are not deemed to be agents of or for their appointors.

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

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

19.3.2 may sign a written resolution (but only if it is not signed or to be signed by that person's appointor); and

- 19.3.3 has a vote for a meeting for each appointor who has appointed him but is not participating (provided his appointor would be entitled to such a vote if he were participating) but no alternate may be counted as more than one director for the purposes of calculating whether a quorum is present.
- 19.4 A director who is also an alternate director has an additional vote on behalf of each appointor who is:
- 19.4.1 not participating in a directors' meeting; and
- 19.4.2 would have been entitled to vote if they were participating in it,
- but will not count as more than one director for the purposes of determining whether a quorum is present.
- 19.5 Interests of the appointor will be treated as interests of the alternate in addition to any interests of the alternate. Therefore, the alternate will not have a vote on behalf of an appointor if the appointor could not have voted on a particular matter under these articles. However, the alternate will not be precluded from voting on behalf of any other director or on his own behalf by reason of any interest of his appointor.
- 19.6 An alternate director is not 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.
20. **TERMINATION OF ALTERNATE DIRECTORSHIP**
- 20.1 An alternate director's appointment as an alternate terminates:
- 20.1.1 when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- 20.1.2 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;
- 20.1.3 on the death of the alternate's appointor; or
- 20.1.4 when the appointment as a director of the alternate's appointor terminates.

## **PART 3 – SHARES**

### **21. A SHARES, B SHARES, C SHARES AND D SHARES**

- 21.1 The issued share capital of the company at the date of adoption of these articles is divided into A Shares, B Shares, C Shares and D Shares. The A Shares, B Shares, C Shares and D Shares are separate classes of shares and carry the voting rights, capital rights and rights to appoint and remove directors and are subject to the restrictions on transfer set out in these articles. In all other respects the A Shares, B Shares, C Shares and D Shares rank equally.
- 21.2 Unless agreed by all the other shareholders in writing, any new share issued to a holder of A Shares will be an A Share, any new share issued to a holder of B Shares will be a B Share, any new share issued to a holder of C Shares will be a C Share, and any new share issued to a holder of D Shares will be a D Share, including any new share issued under Model Article 36.

Any share which is transferred to a shareholder holding shares only of another class will automatically and immediately convert into and redesignate as a share of the other class.

## 22. **VOTING**

22.1 The voting rights attaching to each class of share shall be as set out in this article 22 (*Voting*).

22.2 Save as otherwise provided in these Articles:

22.2.1 the holders of A Shares, C Shares and D Shares shall, in respect of the A Shares, C Shares and D Shares held by them, be entitled to receive notice of, attend, speak at and vote at, general meetings of the company and on a show of hands each such holder shall have one vote and on a poll or on a written resolution each such holder shall have one vote for each A Share, C Share or D Share held by them; and

22.2.2 no holder of B Shares shall, in respect of the B Shares held by them, be entitled to receive notice of, nor attend, speak at nor vote at, general meetings of the company nor receive a copy of any proposed written resolution.

## 23. **RETURN OF CAPITAL**

23.1 The rights as regards return of capital attaching to each class of share shall be as set out in this article 23 (*return of capital*).

23.2 On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of Shares) (a **Return of Capital**), the surplus assets of the company available for distribution amongst the members (after the payment of or the provisioning for the company's liabilities) at the time of such Return of Capital (the **Surplus Proceeds**) shall be distributed amongst the Shareholders in proportion to the number of Shares held by them respectively subject to the limitations on the B Shareholder(s) pursuant to article 23.3.

23.3 On a Return of Capital, the B Shareholder(s) shall not in respect of all B Shares held by such holders at the time of such Return of Capital receive more than an amount in aggregate equal to 12.5% of the Surplus Proceeds (the **B Share Capped Amount**), and such amount shall be distributed to the B Shareholder(s) pro rata according to the number of B Shares held by such holders. Any amounts in excess of the B Share Capped Amount that would have otherwise been due to the B Shareholder(s) if it had not been for this article 23.3 shall be distributed to the A Shareholders, C Shareholders and D Shareholders pro rata according to the number of A Shares, C Shares and D Shares held by such holders at the time of the Return of Capital.

## 24. **POWERS TO ISSUE DIFFERENT CLASSES OF SHARE**

Model Article 22(1) is amended by deleting the words "with such rights or restrictions as may be decided by ordinary resolution".

## 25. **PRE-EMPTION ON ALLOTMENT OF SHARES**

25.1 In this article **equity securities**, **allotment of equity securities** and **ordinary shares** have the same meaning as in section 560 of the Companies Act.

25.2 In accordance with section 567(1) of the Companies Act, sections 561 and 562 of the Companies Act will not apply to an allotment of equity securities made by the company.

- 25.3 Subject to article 25.4, unless otherwise agreed by special resolution or otherwise provided by these articles, if the company proposes to allot any equity securities other than B Shares (**Other Equity Securities**), those Other Equity Securities may not be allotted to any person unless the company has first offered them to all holders of Other Equity Securities on the date of the offer on the same terms, and at the same price, as those Other Equity Securities are being offered to other persons in proportion to the nominal value of the Other Equity Securities held by those holders (as nearly as possible without involving fractions). The offer must:
- 25.3.1 be in writing and state a period to be decided by the directors, during which the offer will be open for acceptance, which must not be shorter than 10 Business Days and must give details of the number and subscription price of the relevant Other Equity Securities; and
  - 25.3.2 stipulate that any shareholder who wishes to subscribe for a number of Other Equity Securities in excess of the proportion to which he is entitled must, in his acceptance, state the maximum number of excess equity securities for which he wishes to subscribe.
- 25.4 Article 25.3 will not apply to the allotment of shares in the company that immediately before the allotment were held by the company as treasury shares.
- 25.5 On a Non Pre-emptive Share Issue, the holders of A Shares will have the ability to subscribe for new A Shares without those A Shares being offered to the other holders of A Shares at the same time. Following any issue of A Shares to the holders of A Shares pursuant to a Non Pre-emptive Share Issue, an opportunity to subscribe for A Shares representing their pro rata entitlement had A Shares been offered on the basis set out in article 25.3 will be given to all holders of A Shares who were not entitled to subscribe for A Shares as part of the Non Pre-emptive Share Issue. The offer to subscribe for A Shares will be open for acceptance for a period of 10 Business Days and will be at the same price per A Share as was offered to the holders of A Shares under the Non Pre-emptive Share Issue.
- 25.6 Any equity securities not accepted by shareholders pursuant to the offer made to them in accordance with article 25.3 must:
- 25.6.1 firstly be used for satisfying any requests for excess equity securities (**excess securities**) made pursuant to article 25.3. If there are insufficient excess securities to satisfy those requests, each applicant who has requested to subscribe for excess securities (for the purposes of this article, an applicant) will be allotted a proportion of the available excess securities that is (as nearly as possible without involving fractions or increasing the number of excess securities allotted to any shareholder beyond that applied for by him) equal to the proportion which the number of securities held by him immediately before the offer was made to shareholders in accordance with article 25.3 bears to the total number of securities held by the applicants;
  - 25.6.2 secondly, to the extent excess securities remain, those remaining securities will be allocated to any applicants whose applications for excess securities have not been satisfied, by repeating the allocation process at 25.6.1 until either all the applicants' requests for excess securities have been satisfied, or no excess securities remain.
- 25.7 After any allotments required to be made pursuant to article 25.5 have been made, any excess securities remaining may be offered to any other person as the directors may decide, at the

same or no more favourable price and on the same or on no more favourable terms as the offer to the shareholders pursuant to article 25.3.

## 26. **SHARE REPURCHASE**

The company is authorised to purchase its own shares out of capital in accordance with (and subject to the limits set out in) section 692(1ZA) of the Companies Act.

## 27. **TREASURY SHARES**

27.1 Where the company holds treasury shares under Chapter 6 of Part 18 of the Companies Act:

27.1.1 articles 36 to 42 will not apply to any transfer of shares by the company from treasury; and

27.1.2 article 36 of the Model Articles will apply to permit the company to participate in a capitalisation of profits of the company, as if the company were a person who would have been entitled to a sum to be capitalised if it were distributed by way of dividend, provided that the participation by the company is authorised by an ordinary resolution. Unless otherwise specified in the ordinary resolution, shares allotted in right of any shares on capitalisation will have the same designation as the shares in right of which they are allotted.

27.2 Save as set out in article 27.1 and in accordance with sections 726(4) and 727 of the Companies Act, the company may not exercise any right in respect of treasury shares and no dividend may be paid or other distribution of the company's assets made to the company in respect of the treasury shares.

27.3 In addition, where these articles confer rights or obligations on holders by reference to a percentage or majority in nominal value of shares (or a class of shares) in issue, treasury shares will not be counted in the shares in issue (or in the shares of a particular class in issue).

## 28. **COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS**

Without limiting Model Article 23, the company is not obliged to verify whether a proxy or corporate representative acts in accordance with any instruction given to the proxy or corporate representative by the person who appoints him. No vote will be invalid because a proxy or corporate representative does not vote in accordance with his instructions.

## 29. **SHARE TRANSFERS**

29.1 No A Shareholder may transfer any A Shares prior to the fifth anniversary of the Date of Adoption without the prior written consent of Compass save where such transfer is effected pursuant to, and in accordance with, article 30 (*permitted transfers*), article 31 (*compulsory transfer*), article 32 (*pre-emption on transfer*), article 34 (*tag along*), article 35 (*drag along*) or pursuant to any Relevant Agreement.

29.2 All transfers must be effected in accordance with all relevant terms of these articles and any Relevant Agreement.

29.3 References in this article 29 to a transfer of any share include disposing of any interest in, or right attaching to, or renouncing or assigning any right to receive or subscribe for any share

or creating or permitting to exist any charge, lien, encumbrance or trust over any share or agreeing to do any of those things.

- 29.4 If a shareholder at any time transfers a share in breach of these articles or any Relevant Agreement, the purported transfer will be void and (except in the case of the company transferring treasury shares) the shareholder will be deemed immediately before that breach to have given a Transfer Notice in respect of that share and must comply with the provisions of article 32.
- 29.5 The directors must refuse to register any transfer of a share which is prohibited under these articles or the terms of a Relevant Agreement. The directors must not refuse to register any transfer of a share which is permitted or required under these articles or the terms of a Relevant Agreement except that they may (in their absolute discretion) decline to register any transfer of any share which would otherwise be permitted if it is a transfer:
- 29.5.1 which is not accompanied by a certificate for the shares to which it relates or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; or
- 29.5.2 which is not stamped, unless it is exempt or duty is not otherwise payable.
- 29.6 Where the directors refuse to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.
- 29.7 If a shareholder becomes aware of any event which gives rise to an obligation to transfer shares, to serve a Transfer Notice or a Transfer Notice being deemed to be given, he must promptly give written notice of that event to the other shareholder(s). A Deemed Transfer Notice will be deemed to be received by another shareholder on the date on which such shareholder actually becomes aware of the event giving rise to the deemed transfer having occurred.
- 29.8 If any person (for the purpose of this article the **transferor**) gives or is deemed to give a Transfer Notice or is otherwise required to transfer shares under these articles and fails or refuses to transfer their shares as required by these articles, any person appointed by the directors for the purpose will be irrevocably authorised as agent with full power in the name of (and on behalf of) the transferor to execute and deliver the necessary transfers to the relevant transferee and to do anything including to execute any other documents necessary for that transferor to comply with the terms of these articles. That authority is given as security for performance of the transferor's obligations. The company may receive and must hold the consideration for the shares in trust for the transferor pending delivery of his share certificates for cancellation (or an indemnity in respect of those certificates reasonably satisfactory to the company). Against receipt of the consideration for the shares (and subject to payment of any stamp duty) the company must register the transferee in accordance with these articles as the holder of those shares. The company will have no liability to pay or account for interest on any consideration which is cash or on any amount received in relation to any consideration. The receipt of the company for the consideration will be a good discharge to the buyer (who need not see to the application of it). On registration of a transfer in exercise of these powers, the validity of the proceedings may not be questioned by any person.
- 29.9 An obligation to transfer a share under these articles is an obligation to transfer the entire legal and beneficial interest in that share free from any lien, charge or other encumbrance.

- 29.10 Except with Shareholder Consent, no transfer may be made in respect of a share under article 30 (permitted transfers) while any Transfer Notice has been given in respect of that share and any person has any rights or obligations under any of those notices.
- 29.11 Except with Shareholder Consent, no Transfer Notice may be served under article 32 in respect of a share where a Drag Notice relating to that share has been given under article 35 and any person has any rights or obligations under that notice.
- 29.12 Except with Shareholder Consent, no Transfer Notice may be served under article 32 in respect of a share where a Tag Offer relating to that share has been given under article 34 and any person has any rights or obligations under that notice.
- 29.13 The provisions of articles 29.4, 30.4, 31 and 32 may be waived in whole or in part in any particular case with Shareholder Consent.

### **30. PERMITTED TRANSFERS**

- 30.1 A shareholder may at any time transfer any A Share, C Share or D Share (including a treasury share subject to the provisions of any Relevant Agreement):
- 30.1.1 to any other shareholder holding shares of the same class;
  - 30.1.2 to, in the case of a shareholder which is a body corporate (but is not holding the shares on trust for a Family Trust), any member of the same group as the Shareholder;
  - 30.1.3 to, in the case of Simon Mitchell and Petra Barran, a Privileged Relation, a Family Trust or a company Controlled by them or their Privileged Relations and/or Family Trusts;
  - 30.1.4 to, in the case of Petra Barran, any person pursuant to the terms of a put option agreement entered into between: (i) Petra Barran; (ii) Simon Mitchell; and (iii) Ian Dodds on or around the date of these articles;
  - 30.1.5 to any person with Shareholder Consent; or
  - 30.1.6 in accordance with any Relevant Agreement.
- 30.2 The trustees of the Employee Benefit Trust may at any time transfer any B Share to any employee or potential employee of, or consultant or potential consultant to, any Group Company in accordance with and subject to the terms of any option agreement or otherwise entered into between the trustees of the Employee Benefit Trust and any such employee or potential employee of, or consultant or potential consultant to, any Group Company.
- 30.3 A shareholder:
- 30.3.1 who is an individual, but is not a Permitted Transferee or holding the shares in question as a trustee of a Family Trust, may at any time transfer a share to any of his Privileged Relations or to trustees to be held on a Family Trust of that shareholder;
  - 30.3.2 who is both an individual and a Permitted Transferee but is not holding the shares in question as a Trustee of a Family Trust may at any time transfer a share, to the

Original Transferor, to any of the Original Transferor's Privileged Relations or to trustees to be held on a Family Trust of the Original Transferor; and

30.3.3 or shareholders who hold shares as a trustee or trustees of a Family Trust may at any time transfer a share, on change of trustees, to the new trustees of that Family Trust, to the Original Transferor, to any Privileged Relation of the Original Transferor, and to the trustees of any other Family Trust of the Original Transferor.

30.4 Where a shareholder holds shares (including any shares derived from shares originally transferred) by reason of one or more permitted transfers from an Original Transferor (in this article 30.4, **Permitted Transfer Shares**), that shareholder must by no later than 10 Business Days of:

30.4.1 the shareholder ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of divorce, dissolution of a civil partnership or otherwise but not by reason of death), transfer the shares to the Original Transferor (or, if so directed by the Original Shareholder, to a Permitted Transferee of the Original Shareholder); or

30.4.2 the trustees of a Family Trust ceasing to be wholly for the benefit of the Original Transferor and/or the Original Transferor's Privileged Relations, transfer the shares to the Original Shareholder (or, if so directed by the Original Shareholder, to a Permitted Transferee of the Original Shareholder); or

30.4.3 the shareholder ceasing to be a member of the same group as, or Controlled by, the Original Transferor (the **Permitted Transfer Group**), transfer the shares to the Original Transferor or another member of the same group, or Controlled by, the Original Transferor,

in each case for such consideration as may be agreed between them and provided that the transferee is not then subject to a Compulsory Transfer Event. If the shareholder does not do so by that date, it will be deemed to have immediately given a Transfer Notice in respect of all the Permitted Transfer Shares.

### 31. **COMPULSORY TRANSFER**

31.1 **Compulsory Transfer Event** means:

31.1.1 the shareholder being adjudicated bankrupt or entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or a receiver, manager, administrative receiver or administrator being appointed to that shareholder or over all or any part of its undertaking or assets;

31.1.2 in the case of a shareholder being a body corporate, the shareholder ceasing to be controlled (as defined by section 450 of the Corporation Tax Act 2010) by the person(s) who controlled the shareholder on the later of the date on which it became a shareholder of the company or the Date of Adoption (except that in the case of a Permitted Transferee that ceases to be a member of its Permitted Transfer Group, it will transfer back the shares to the Original Transferor from whom it received those shares or to another Permitted Transferee of such Original Transferor in accordance with article 30 rather than being deemed immediately to have served a Transfer Notice under this article);



- 31.1.3 the shareholder being in persistent and material breach of any material term of any Relevant Agreement or these articles;
  - 31.1.4 the shareholder being convicted of a criminal offence where that offence: (i) involves an element of dishonesty; (ii) the commission of which brings the Company into material disrepute; or (iii) results in the shareholder being disqualified as a Company director (if the shareholder itself is a director); or
  - 31.1.5 in respect of a B Shareholder, that B Shareholder becoming a Leaver.
- 31.2 Where a Compulsory Transfer Event occurs in relation to a shareholder, the shareholder in question and each of their Permitted Transferees will be deemed, immediately before that event, to have given a Transfer Notice in respect of all the Shares which the shareholder and each of their Permitted Transferees holds.
- 31.3 If it comes to the attention of the board of directors that a person became a Leaver in circumstances in which he would be deemed to be a Bad Leaver or Very Bad Leaver but where the provisions of this article 31 were previously not exercised in respect of that person or were exercised, but the person was previously treated as a Good Leaver (in the case of a Leaver deemed a Bad Leaver or a Very Bad Leaver) or as a Bad Leaver (in the case of a Leaver deemed a Very Bad Leaver):
- 31.3.1 the directors may direct the company immediately to serve a notice on the Leaver that the Leaver is, with immediate effect, deemed to be a Bad Leaver or Very Bad Leaver (as applicable); and
  - 31.3.2 that notice may (if the provisions of this article 31 were previously exercised and the directors so specify) require the relevant Leaver to (and the relevant Leaver will be bound to) immediately pay to the company an amount equal to the amount previously received by the Leaver from any person in respect of any Leaver Shares less, in the case of a person now deemed to be a Bad Leaver or Very Bad Leaver, the amount which he would have received if he had been treated as a Bad Leaver or Very Bad Leaver (as the case may be).

## 32. PRE-EMPTION ON TRANSFER

- 32.1 No share may be transferred except in accordance with this article 32 save where such transfer is effected pursuant to, and in accordance with, article 30 (*permitted transfers*), article 31 (*compulsory transfer*), article 34 (*tag along*) or article 35 (*drag along*) or pursuant to any Relevant Agreement.
- 32.2 No B Shareholder may give a Voluntary Transfer Notice in respect of all or any B Shares they hold.
- 32.3 A shareholder (the **Proposing Transferor**) proposing to transfer any shares must give a Transfer Notice in writing (a **Voluntary Transfer Notice**) to all other shareholder(s) (the **Continuing Shareholders**) that the Proposing Transferor proposes to transfer shares (the **Transfer Shares**). In the Voluntary Transfer Notice, the Proposing Transferor must specify:
- 32.3.1 the identity of the third party (the **Third Party Buyer**) to whom the Proposing Transferor proposes to transfer the Transfer Shares (including details of any person(s) on whose behalf those shares would or may be held); and
  - 32.3.2 the price offered for the Transfer Shares (the **Transfer Price**).

32.4 In the case of a Deemed Transfer Notice, references in this article 32 and in article 33 to (i) **Proposing Transferor** will be to the person who is deemed to serve the Transfer Notice (ii) **Transfer Shares** will be to the shares in respect of which the Transfer Notice is deemed to be given and (iii) where the Transfer Shares are B Shares, **Continuing Shareholder** will be to the Company and/or the trustees of the Employee Benefit Trust and/or such employees or potential employees of, or consultants or potential consultants to, any Group Company as determined by the board in its absolute discretion.

32.5 Within 20 Business Days of receipt (or deemed receipt) of:

32.5.1 a Voluntary Transfer Notice; or

32.5.2 in the case of a Deemed Transfer Notice, the Valuers' determination of the Fair Value, if later,

the Continuing Shareholder(s) will be entitled (but not obliged) to give notice in writing to the Proposing Transferor that it wishes to purchase the Transfer Shares at the Transfer Price (a **Purchase Notice**).

32.6 If, at the expiry of the period specified in article 32.5:

32.6.1 no Continuing Shareholder has given a Purchase Notice then:

- (a) in the case of a Voluntary Transfer Notice, the Proposing Transferor may transfer all the Transfer Shares to the Third Party Buyer or, subject to the Companies Acts, the Company;
- (b) in the case of a Deemed Transfer Notice relating to A Shares, C Shares or D Shares, the Proposing Transferor must transfer all the Transfer Shares, subject to the Companies Acts, to the Company; or
- (c) in the case of a Deemed Transfer Notice relating to B Shares, the Proposing Transferor must transfer all the Transfer Shares to either of the following, as determined by the board in its absolute discretion:
  - (i) the trustees of the Employee Benefit Trust; and/or
  - (ii) such employees or potential employees of, or consultants or potential consultants to, any Group Company; and/or
  - (iii) subject to the Companies Acts, to the Company,

in each case at a price not less than the Transfer Price, provided that it does so within two months of the expiry of the period specified in article 32.5; or

32.6.2 more than one Continuing Shareholder has given a Purchase Notice and the aggregate number of Transfer Shares applied for by the Continuing Shareholders is equal to or exceeds the number of Transfer Shares, the directors shall allocate the Transfer Shares to each shareholder who has applied for Sale Shares in the proportion which their existing holding of Shares bears to the total number of Shares among all classes of Shares held by all shareholders (other than the Proposing Transferor). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be

determined by the directors). No allocation shall be made to a shareholder of more than the maximum number of Transfer Shares which that shareholder has stated they are willing to buy; or

32.6.3 more than one Continuing Shareholder has given a Purchase Notice and the aggregate number of Transfer Shares applied for by the Continuing Shareholders is less than the number of Transfer Shares, the directors shall allocate the Transfer Shares to the shareholders in accordance with their applications. The balance (the being the surplus Transfer Shares) shall be allocated as follows:

- (a) in the case of a Voluntary Transfer Notice, the Proposing Transferor may transfer all surplus Transfer Shares to the Third Party Buyer or, subject to the Companies Acts, the Company;
- (b) in the case of a Deemed Transfer Notice relating to A Shares, C Shares or D Shares, the Proposing Transferor must transfer all the surplus Transfer Shares, subject to the Companies Acts, to the Company; or
- (c) in the case of a Deemed Transfer Notice relating to B Shares, the Proposing Transferor must transfer all the Transfer Shares to either of the following, as determined by the board in its absolute discretion:
  - (i) the trustees of the Employee Benefit Trust; and/or
  - (ii) such employees or potential employees of, or consultants or potential consultants to, any Group Company; and/or
  - (iii) subject to the Companies Acts, to the Company,

32.7 Except as otherwise provided in these articles or in any Relevant Agreement, the Transfer Price will be determined as follows:

32.7.1 in the case of a Voluntary Transfer Notice containing a price, the price specified by the Proposing Transferor in the Transfer Notice; or

32.7.2 in the case of a Deemed Transfer Notice (other than under article 31.1.5) or where a price is not specified, the price will be the price agreed in writing between the Proposing Transferor and the Continuing Shareholder holding the majority of the shares which are not the subject of the Transfer Notice. In the absence of such agreement within 15 Business Days after the Transfer Notice is served under article 32.3 or directors' notice of a Deemed Transfer is given to the Proposing Transferor under article 29.7, the Transfer Price will be a sum equal to the Fair Value of the Transfer Shares to be determined by Valuers appointed by the shareholders under article 33; and

32.7.3 in the case of a Deemed Transfer Notice under article 31.1.5:

- (a) a Very Bad Leaver, the price will be £1.00 in aggregate; or
- (b) a Bad Leaver, the price will be the lower of the Fair Value and the Issue Price of the Transfer Shares; or

- (c) a Good Leaver, the price will be a sum per share equal to the Fair Value of the Transfer Shares determined in accordance with article 33, divided by the number of Transfer Shares.

### 33. **TRANSFER PRICE AND VALUATION OF SHARES**

33.1 Where these articles or the terms of a Relevant Agreement provide for the **Fair Value** for any shares to be determined by Valuers:

33.1.1 the holders of a majority in nominal value of the A Shares, C Shares and D Shares (the **Valuer Appointing Shareholders**) will jointly appoint a firm of independent chartered accountants and determine their terms of engagement within 10 Business Days of the expiry of the date on which the obligation to appoint Valuers arises either under these articles or the terms of that Relevant Agreement; or

33.1.2 failing that appointment and determination, the Valuers will be such independent firm of chartered accountants as is nominated at the request of any Valuer Appointing Shareholder by the President of the Institute of Chartered Accountants in England and Wales and the Valuer Appointing Shareholders must appoint that firm and agree the terms of engagement, complying with these articles, with that firm within 15 Business Days of the date on which the terms of appointment of that firm are given to the Valuer Appointing Shareholders.

33.2 The Valuer Appointing Shareholders will cooperate in good faith to ensure that Valuers nominated under article 33.1 are jointly appointed by the deadline set out in that article and will not unreasonably withhold consent to the terms of engagement of the Valuers. Terms of engagement, complying with this agreement, signed on behalf of the Valuer Appointing Shareholders and the Valuers and the appointment of those Valuers on those terms will be binding on the shareholders and will not be challenged by any shareholder.

33.3 The Fair Value for any shares will be the price determined in writing by the Valuers on the following bases and assumptions:

33.3.1 valuing the shares as on an arm's length sale between a willing seller and a willing buyer;

33.3.2 if the company is then carrying on business as a going concern, on the assumption that it will continue to do so;

33.3.3 that the shares are capable of being transferred without restriction;

33.3.4 valuing the shares as a rateable proportion of the total market value of all the issued shares of the company without any premium or discount being attributed to the percentage of the issued share capital of the company it represents; and

33.3.5 the Valuers will take account of any other factors that the Valuers reasonably believe should be taken into account.

33.4 The Valuer Appointing Shareholders may make submissions to the Valuers and will provide (or procure that the company provides) the Valuers with any assistance or documents that the Valuers may reasonably request for the purpose of reaching a decision, subject to the Valuers agreeing to give such confidentiality undertakings as the shareholders may reasonably require.

- 33.5 To the extent not provided for by this article 33, the Valuers may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate, including (to the extent they consider necessary) instructing professional advisers to assist them in reaching their valuation.
- 33.6 The Valuer Appointing Shareholders will request that the Valuers determine the Fair Value within 10 Business Days of their appointment and notify the company and the shareholders in writing of their determination.
- 33.7 The Valuers' written determination will be final and binding on the shareholders in the absence of manifest error or fraud.
- 33.8 The costs of obtaining the Valuers' valuation will be borne by the shareholders equally or in such other proportions as the Valuers may direct.

#### 34. **TAG ALONG**

- 34.1 This article 34 applies if any shareholder or shareholders holding 75 per cent or more of the Shares (for the purposes of this article 34, together the **Seller**) proposes to transfer the beneficial (or legal and beneficial) interest in any shares to any person who is not a shareholder (or who is not an associate of such a shareholder) which would result in that person on his own or with or through his associates obtaining direct or indirect control of 75 per cent or more of the Shares (for the purposes of this article 34, a **Proposed Transfer**) provided that the Proposed Transfer is not a permitted transfer under article 30 and provided that a Drag Notice relating to the Proposed Transfer has not been given under article 35.
- 34.2 Where this article 34 applies, the Proposed Transfer may not be made (and must not be registered by the directors) unless the Seller procures that the proposed transferee(s) (for the purposes of this article 34, the **Buyer**) makes a bona fide written offer (the **Tag Offer**) to all the other shareholders to purchase all the shares in the capital of the company then in issue. That offer must be at a price per share which is at least equal to the price per share to be paid by the Buyer for the Proposed Transfer (the **Tag Price**).
- 34.3 The Tag Offer must:
- 34.3.1 be irrevocable and unconditional (except for any conditions which apply to the Proposed Transfer);
  - 34.3.2 be governed by the law of England;
  - 34.3.3 give a date by which it is open for acceptance by the other shareholders giving notice in writing to the company, which date must be at least 15 Business Days after the offer is given; and
  - 34.3.4 specify: (a) the identity of the Buyer; (b) the price at which the Buyer is to acquire shares from the Sellers; (c) the Tag Price; and (d) the proposed date of the sale.

No shareholder (including the Sellers) may complete any sale of shares to the Buyer unless the Buyer completes the purchase of all the shares agreed to be sold simultaneously and the directors must refuse to register any transfer which does not comply with this requirement.

- 34.4 Notwithstanding article 34.3, if any person (whether or not a shareholder and who is not the Sellers) has, at the time of the Tag Offer, rights granted by the company to acquire shares (the **Option Shares**) and who may exercise those rights during the period during which the

offer remains open for acceptance or on completion of the Tag Offer, the Tag Offer must also be extended to those persons and the Tag Offer may provide for the sale and purchase of Option Shares to be completed at a specified later time to ensure that rights to acquire those shares become exercisable.

- 34.5 A Tag Offer may be made without the Seller being first required to give a Voluntary Transfer Notice under article 32.

35. **DRAG ALONG**

- 35.1 This article 35 applies if any shareholder or shareholders holding 75 per cent or more of the Shares (for the purposes of this article 35, the **Sellers**) proposes to transfer an interest in any shares by way of a bona fide sale on arms' length terms to any third party who is not a shareholder (or who is not an associate of such a shareholder) (for the purposes of this article 35, the **Buyer**) which would result in that person on his own or with or through his associates obtaining direct or indirect control of 75 per cent or more of the Shares (for the purposes of this article 35, a **Proposed Transfer**).

- 35.2 Where this article 35 applies, the Sellers may require all the other shareholders (the **Remaining Shareholders**) to transfer their shares to the Buyer (or to such person as the proposed Buyer directs) by giving notice to that effect to the Remaining Shareholders (**Drag Notice**). The Drag Notice must:

35.2.1 be irrevocable and unconditional (except for any conditions which apply to the Proposed Transfer and except that it may be conditional on completion of the sale of the transfer to the Buyer or person as the proposed Buyer directs of the Sellers' shares (**Completion**));

35.2.2 state that the Remaining Shareholders are required to transfer all their shares pursuant to this article 35 with full title guarantee;

35.2.3 state the person to whom the shares are to be transferred;

35.2.4 state the consideration being paid per share being dragged, which must be of an at least equal amount per share and in the same form as the consideration per share to be paid to the Sellers for the Sellers' shares except that it must, if that consideration is not cash, include a cash alternative in both cases at least equal to the price per share offered by the Buyer for the Sellers' shares;

35.2.5 (in the case of a cash alternative) state the date by which each Remaining Shareholder must return a form of election to the company specifying the Remaining Shareholder's chosen consideration and that, if no such notice is received, which consideration that the Remaining Shareholder will be deemed to receive;

35.2.6 state the date (if then known) on which Completion is expected to take place; and

35.2.7 specify what is required for the Remaining Shareholders to give effect to the transfer and attach copies of any other documents required to be executed by the Remaining Shareholders, such as a form of transfer, the form of any election to be made in relation to the form of consideration and any documents required to accept any consideration and give the date by which those documents must be returned to the company which may not be less than five Business Days after the date on which the Drag Notice is given.

- 35.3 The Drag Notice may not require a Remaining Shareholder to agree to any terms except those specifically set out in this article 35.
- 35.4 If, after a Drag Notice is given, any person (whether or not a shareholder) exercises rights to acquire shares granted by the company before Completion, the Sellers (or after Completion the Buyer) may give a Drag Notice to that person (the **Optionholder**) on the same terms as the Drag Notice given to the Remaining Shareholders, except that a later date than Completion may be given for Completion of the transfer.
- 35.5 Once a Drag Notice is given, each Remaining Shareholder or Optionholder, as the case may be, will be required to transfer their shares in accordance with it and any election as to the form of consideration made or deemed to be made by it. If any shareholder or person fails to transfer all the shares in the company held by them to the Buyer or his nominee in accordance with the Drag Notice and this article 35, the provisions of article 29.8 will apply.
- 35.6 No Drag Notice may be given unless the Seller has first complied with article 32, but the transfer of shares of the Remaining Shareholders or any Optionholder pursuant to a Drag Notice under this article 35 is not subject to article 32.

#### **PART 4- DECISION-MAKING BY SHAREHOLDERS**

##### **36. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

Model Article 37(1) is modified to add the words "and be heard by all such persons during the meeting" at the end of that Model Article.

##### **37. QUORUM FOR GENERAL MEETINGS**

- 37.1 Except where article 37.2 applies, two qualifying persons having the right to vote on the business of the meeting will be a quorum, including one holder of, proxy of or representative of a holder of any of the A Shares.
- 37.2 Where the company has only one shareholder, one qualifying person attending the meeting will be a quorum. Where the company has more than one shareholder but there are no longer any holders of A Shares or where the meeting was adjourned from a previous meeting at which a quorum was not present, the quorum will be as set out in section 318 of the Companies Act.
- 37.3 In this article, **qualifying person** has the same meaning as in section 318(3) of the Companies Act.

##### **38. ADJOURNMENT**

A meeting adjourned under Model Article 41 will be adjourned to the same day in the next week at the same time and place (or to such day and such other time and place as may be decided by the chairman with Shareholder Consent).

##### **39. POLL VOTES**

A demand for a poll withdrawn under Model Article 44(3) does not invalidate the result of a show of hands declared before the demand was made.

#### 40. **PROXIES**

The directors may decide that an appointment which does not comply with one or more of the requirements in Model Article 45(1) will be a valid appointment.

### **PART 5 - ADMINISTRATIVE ARRANGEMENTS**

#### 41. **MEANS OF COMMUNICATION TO BE USED**

41.1 Subject to these articles, and without limiting Model Article 48, the "company communications provisions" (as defined in section 1143 of the Companies Act) will apply where documents or information are supplied by or to the company under these articles, provided that communication by way of supplying documents or information on a website shall not be deemed a valid form of communication.

41.2 Subject to the next article, anything sent or supplied by the company, the shareholders or the directors will be deemed to have been received (and will be treated as having been given):

41.2.1 if sent by the company by post, on the Business Day following the day on which it was put in the post if first class post was used or on the second Business Day after it was posted in any other case and for this purpose it will be sufficient to prove that it was properly addressed, pre-paid and put in the post;

41.2.2 if left at an address (other than address for the purposes of communications by electronic means), when it was so left;

41.2.3 if sent or supplied by electronic means, at the time it was sent or supplied and for this purpose it will be sufficient to prove that it was properly addressed;

41.2.4 if sent or supplied by any other means authorised in writing by the shareholder concerned when the company has carried out the action it has been authorised to take for that purpose; and

41.2.5 if receipt would under this article be deemed to occur outside Working Hours, the relevant communication will instead be deemed to have been received at the start of the next period of Working Hours.

41.3 Anything sent or supplied to the company by a director or shareholder will be given when it is received by the company and deemed receipt will not apply.

41.4 Unless deemed receipt provisions are agreed by a director under Model Article 48(3), articles 41.2.1 to 41.2.5 will apply. Notices or documents must be addressed to the director at the address given by him for the purpose (generally or specifically) or, if no such address has been given the address set out in the register of directors.

#### 42. **FUNDING OF PROCEEDINGS**

A relevant director of the company or an associated company may be provided with funds (by loan or otherwise) to meet or avoid expenditure in defending any criminal or civil proceedings or investigation or proceedings by a regulatory authority or in connection with an application for relief, in each case as permitted by sections 205 or 206 of the Companies Act. Relevant director and associated company have the same meanings as in Model Article 52.



43. **TRANSMITTEES**

These articles shall be binding upon and (except as otherwise provided) shall ensure for the benefit of each shareholder's transmittes.

44. **OVERRIDING PROVISIONS**

44.1 Notwithstanding the provisions of these articles, the directors must, so far as may be permitted by law, act in all respects in accordance with and give effect to any Relevant Agreement.

44.2 Where the consent, approval or agreement of any shareholder or director is required under any provision of these articles to any particular matter, that consent, approval or agreement:

44.2.1 may be given subject to such terms and conditions as that shareholder or director may impose and any breach of those terms and conditions will be deemed to be a breach of these articles;

44.2.2 must be in writing, in English, and given in any form or by any means provided for in article 41.

## **APPENDIX I – MODIFIED MODEL ARTICLES**

## SCHEDULE 1

Regulation 2

# MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY SHARES

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## PART 1

### INTERPRETATION AND LIMITATION OF LIABILITY

#### Defined terms

1. In the articles, unless the context requires otherwise—

“articles” means the company’s articles of association;

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“chairman” has the meaning given in article 12;

“chairman of the meeting” has the meaning given in article 39;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

“director” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“distribution recipient” has the meaning given in article 31;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of

members as the holder of the shares;

“instrument” means a document in hard copy form;

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006;

“paid” means paid or credited as paid;

“participate”, in relation to a directors’ meeting, has the meaning given in article 10;

“proxy notice” has the meaning given in article 45;

“shareholder” means a person who is the holder of a share;

“shares” means shares in the company;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006;

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a

shareholder or otherwise by operation of law; and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

### **Liability of members**

2. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

## **PART 2**

### **DIRECTORS**

#### **DIRECTORS’ POWERS AND RESPONSIBILITIES**

##### **Directors’ general authority**

3. Subject to the articles, the directors are responsible for the management of the company’s business, for which purpose they may exercise all the powers of the company.

##### **Shareholders’ reserve power**

- 4.—(1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.  
(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

##### **Directors may delegate**

- 5.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—
  - (a) to such person or committee;
  - (b) by such means (including by power of attorney);

- (c) to such an extent;
  - (d) in relation to such matters or territories; and
  - (e) on such terms and conditions;
- as they think fit.

(2) If the directors so specify, any such delegation may authorise further delegation of the

directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## Committees

6.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

~~(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.~~

## DECISION-MAKING BY DIRECTORS

### ~~Directors to take decisions collectively~~

~~7.—(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.~~

~~(2) If—~~

~~(a) the company only has one director, and~~

~~(b) no provision of the articles requires it to have more than one director,~~

~~the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.~~

### ~~Unanimous decisions~~

~~8.—(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) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.~~

~~(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.~~

~~(4) 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.~~

### Calling a directors' meeting

9.—(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

(2) Notice of any directors' meeting must indicate—

- (a) its proposed date and time;
- (b) where it is to take place; and
- (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

~~(3) Notice of a directors' meeting must be given to each director, but need not be in writing.~~

~~(4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.~~

### **Participation in directors' meetings**

10.—(1) Subject to the articles, directors participate in a directors' meeting, or part of a

directors' meeting, when—

- (a) the meeting has been called and takes place in accordance with the articles, and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

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

11.—(1) ~~At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.~~

~~(2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.~~

~~(3) If the total number of directors for the time being is less than the quorum required, the~~

~~directors must not take any decision other than a decision—~~

- ~~(a) to appoint further directors, or~~
- ~~(b) to call a general meeting so as to enable the shareholders to appoint further directors.~~

### **Chairing of directors' meetings**

12.—(1) The directors may appoint a director to chair their meetings.

~~(2) The person so appointed for the time being is known as the chairman.~~

~~(3) The directors may terminate the chairman's appointment at any time.~~

~~(4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.~~



## Casting vote

13.—(1) ~~If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.~~

~~(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.~~

## Conflicts of interest

14.—(1) ~~If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.~~

~~(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.~~

~~(3) This paragraph applies when—~~

~~(a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;~~

~~(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or~~

~~(c) the director's conflict of interest arises from a permitted cause.~~

~~(4) For the purposes of this article, the following are permitted causes—~~

~~(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;~~

~~(b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and~~

~~(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.~~

~~(5) For the purposes of this article, references to proposed decisions and decision-making~~

~~processes include any directors' meeting or part of a directors' meeting.~~

~~(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.~~

~~(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.~~

## Records of decisions to be kept

~~15. The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.~~

### **Directors' discretion to make further rules**

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

## **APPOINTMENT OF DIRECTORS**

### **Methods of appointing directors**

~~17.—(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—~~

~~(a) by ordinary resolution, or~~

~~(b) by a decision of the directors.~~

(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances

rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

### **Termination of director's appointment**

18. A person ceases to be a director as soon as—

(a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;

(b) a bankruptcy order is made against that person;

(c) a composition is made with that person's creditors generally in satisfaction of that

person's debts;

(d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

(e) [paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]

(f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

### **Directors' remuneration**

- 19.—(1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as the directors determine—
- (a) for their services to the company as directors, and
  - (b) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may—
- (a) take any form, and
  - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

### **Directors' expenses**

20. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—
- (a) meetings of directors or committees of directors,
  - (b) general meetings, or
  - (c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

## PART 3

### SHARES AND DISTRIBUTIONS

#### SHARES

### **All shares to be fully paid up**

- 21.—(1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.
- (2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

### **Powers to issue different classes of share**

- 22.—(1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

(2) 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, and the directors may determine the terms, conditions and manner of redemption of any such shares.

#### Company not bound by less than absolute interests

23. Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

#### Share certificates

24.—(1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

(2) Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) any distinguishing numbers assigned to them.

(3) No certificate may be issued in respect of shares of more than one class.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(5) Certificates must—

- (a) have affixed to them the company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

#### Replacement share certificates

25.—(1) If a certificate issued in respect of a shareholder's shares is—

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A shareholder exercising the right to be issued with such a replacement certificate—

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

#### Share transfers

26.—(1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- (3) The company may retain any instrument of transfer which is registered.
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- ~~(5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.~~

#### Transmission of shares

- 27.—(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.
- (2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—
- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
  - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- (3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

#### Exercise of transmittees' rights

- 28.—(1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

#### Transmittees bound by prior notices

29. If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

## DIVIDENDS AND OTHER DISTRIBUTIONS

#### Procedure for declaring dividends

- 30.—(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

#### Payment of dividends and other distributions

- 31.—(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
  - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or
  - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
  - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

#### No interest on distributions

32. The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—
- (a) the terms on which the share was issued, or

(b) the provisions of another agreement between the holder of that share and the company.

#### Unclaimed distributions

33.—(1) All dividends or other sums which are—

(a) payable in respect of shares, and

(b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

(3) If—

(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and

(b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

#### Non-cash distributions

34.—(1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

(2) For the purposes of paying a non-cash distribution, the directors may make whatever

arrangements they think fit, including, where any difficulty arises regarding the distribution—

(a) fixing the value of any assets;

(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

(c) vesting any assets in trustees.

#### Waiver of distributions

35. Distribution recipients may waive their entitlement to a dividend or other distribution

payable in respect of a share by giving the company notice in writing to that effect, but if—

(a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or

bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

## CAPITALISATION OF PROFITS

## Authority to capitalise and appropriation of capitalised sums

36.—(1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution—

(a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums must be applied—

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

(5) Subject to the articles the directors may—

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## PART 4

### DECISION-MAKING BY SHAREHOLDERS

#### ORGANISATION OF GENERAL MEETINGS

## Attendance and speaking at general meetings

37.—(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when—

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such



resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

### Quorum for general meetings

38. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

### Chairing general meetings

39.—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

### Attendance and speaking by directors and non-shareholders

40.—(1) Directors may attend and speak at general meetings, whether or not they are shareholders.

(2) The chairman of the meeting may permit other persons who are not—

(a) shareholders of the company, or

(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

### Adjournment

41.—(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) ~~When adjourning a general meeting, the chairman of the meeting must—~~  
(a) ~~either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and~~  
(b) ~~have regard to any directions as to the time and place of any adjournment which have been given by the meeting.~~
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—  
(a) to the same persons to whom notice of the company's general meetings is required to be given, and  
(b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## VOTING AT GENERAL MEETINGS

### Voting: general

42. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

### Errors and disputes

- 43.—(1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

### Poll votes

- 44.—(1) A poll on a resolution may be demanded—  
(a) in advance of the general meeting where it is to be put to the vote, or  
(b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by—  
(a) the chairman of the meeting;  
(b) the directors;  
(c) two or more persons having the right to vote on the resolution; or

- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if—
  - (a) the poll has not yet been taken, and
  - (b) the chairman of the meeting consents to the withdrawal.
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

#### Content of proxy notices

- 45.—(1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”)  
which—
- (a) states the name and address of the shareholder appointing the proxy;
  - (b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;
  - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as—
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
  - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

#### Delivery of proxy notices

- 46.—(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor’s behalf.

#### Amendments to resolutions

- 47.—(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
  - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

## PART 5

### ADMINISTRATIVE ARRANGEMENTS

#### Means of communication to be used

- 48.—(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

#### Company seals

- 49.—(1) Any common seal may only be used by the authority of the directors.
- (2) The directors may decide by what means and in what form any common seal is to be used.
- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is—
- (a) any director of the company;
  - (b) the company secretary (if any); or
  - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

## ~~No right to inspect accounts and other records~~

~~50. Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.~~

## Provision for employees on cessation of business

51. The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

## DIRECTORS' INDEMNITY AND INSURANCE

### Indemnity

52.—(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(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.

(3) In this article—

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a "relevant director" means any director or former director of the company or an associated company.

### Insurance

53.—(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article—

- (a) a "relevant director" means any director or former director of the company or an associated company,
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director'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
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.