

Company Number: SC307569

**PRIVATE COMPANY LIMITED BY SHARES**

**WRITTEN RESOLUTIONS of the shareholders of QUARCH TECHNOLOGY LIMITED (the "Company")**

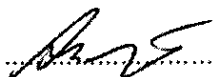
Below is a copy of resolutions of the Company (the "Resolutions"). The Resolutions were duly passed as an ordinary and a special resolution by way of written resolution on 6 NOVEMBER 2018 pursuant to Chapter 2 of Part 13 of the Companies Act 2006.

**ORDINARY RESOLUTION**

- 1 THAT, the creation of a new class of E ordinary shares of £0.002 each in the capital of the Company, having the rights and privileges and being subject to the restrictions set out in the articles of association to be adopted by the Company pursuant to resolution 2 below, be approved.

**SPECIAL RESOLUTION**

- 2 THAT, the articles of association attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association including the relevant provisions of the memorandum of association that would otherwise be treated as provisions of the articles under section 28 of the Companies Act 2006.



Director

Date 06/11/2018

Print Name ANDREW NORRIE



Company Number: SC307569

**The Companies Act 2006**

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**Private Company Limited by Shares**

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**Articles of Association**

**of**

**Quarch Technology Limited (the "Company")**

**(Adopted by Written Resolution passed on 6<sup>th</sup> November 2018)**

**1 Interpretation**

1.1 In these Articles, unless the context otherwise requires:

**"Accountant"** has the meaning given in article 4.1.3;

**"Act"** means the Companies Act 2006;

**"Acting in Concert"** has the meaning given to it in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);

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

**"Articles"** means the Company's articles of association for the time being in force;

**"A Shares"** means the A Ordinary shares of £0.002 in the capital of the Company;

**"Available Profits"** means profits available for distribution within the meaning of part 23 of the Act;

**"B Shares"** means the B Ordinary shares of £0.002 in the capital of the Company;

**"business day"** means any day (other than a Saturday, Sunday or public holiday in Scotland) on which clearing banks in Inverness are generally open for business;

**"Certified Value"** has the meaning given in article 4.1.3;

**"Compulsory Transfer Event"** has the meaning given in article 5.1;

**"Compulsory Transfer Notice"** has the meaning given in article 5.2;

**"Conflict"** has the meaning given in article 14.1;

**"Continuing Shareholder"** has the meaning given in article 4.1.1;

**"C Shares"** means the C Ordinary shares of £0.002 in the capital of the Company;

**"Defaulting Shareholder"** has the meaning given in article 5.2;

**"Defaulting Shares"** has the meaning given in article 5.2;

**"Director"** means a director of the Company from time to time;

**"Drag Along Notice"** shall have the meaning given to it in article 6.1;

**"D Shares"** means the D Ordinary shares of £0.002 in the capital of the Company;

**"Eligible Director"** means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);

**"Equity Shares"** means the Shares (other than the E Shares) in issue from time to time;

**"E Shares"** means the E Ordinary shares of £0.002 in the capital of the Company;

**"Financial Year"** means an accounting reference period (as defined in section 391 of the Act) of the Company;

**"Further Offer"** has the meaning given in article 4.1.7;

**"Further Offer Notice"** has the meaning given in article 4.1.7;

**"Initial Offer"** has the meaning given in article 4.1.4;

**"Interested Director"** has the meaning given in article 14.1;

**"Majority"** means those Shareholders who together hold over 75% of the voting rights in the capital of the Company;

**"Model Articles"** means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles;

**"Offer Notice"** has the meaning given in article 4.1.5;

**"Parent"** has the meaning given in article 25.1;

**"Proposed Buyer"** has the meaning given to it in article 7.1;

**"Proposed Sale"** has the meaning given to it in article 7.1;

**"relevant loss"** has the meaning given in article 27.2.1;

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

**"Remaining Shareholders"** has the meaning given in article 5.2;

**"Seller"** has the meaning given in article 4.1.1;

**"Share"** means an A Share, B Share, C Share, D Share or E Share as the context so requires and **"Shares"** shall be construed accordingly;

**"Shareholder"** means any holder of any Share from time to time;

**"Tag Along Notice"** has the meaning given to it in article 7.1;

**"Third Party"** shall have the meaning given to it in Article 6.1;

**"Transfer Shares"** has the meaning given in article 4.1.2.1; and

**"Transfer Notice"** has the meaning given in article 4.1.1.

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an **"article"** is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
  - 1.5.1 any subordinate legislation from time to time made under it; and
  - 1.5.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles.
- 1.8 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 26(5), 44(2), 52 and 53 of the Model Articles shall not apply to the Company.
- 1.9 Article 7 of the Model Articles shall be amended by:
  - 1.9.1 the insertion of the words **"for the time being"** at the end of article 7(2)(a); and
  - 1.9.2 the insertion in article 7(2) of the words **"(for so long as he remains the sole Director)"** after the words **"and the Director may"**.
- 1.10 Article 20 of the Model Articles shall be amended by the insertion of the words **"(including alternate directors)"** before the words **"properly incur"**.
- 1.11 Article 27(3) of the Model Articles shall be amended by the insertion of the words **"**, subject to article 11," after the word **"But"**.
- 1.12 Article 29 of the Model Articles shall be amended by the insertion of the words **"**, or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words **"the transmittee's name"**.
- 1.13 Articles 31(1)(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words **"either"** and **"or as the Directors may otherwise decide"**.

## **2 Share Capital**

- 2.1 Unless the context requires otherwise, references in these Articles to shares of a particular class shall include shares created and/or issued after the date of adoption of these Articles and rank pari passu in all respects (or in all respects except only as to the date from which those shares rank for dividend) with the shares of the relevant class then in issue.
- 2.2 Except as otherwise provided in these Articles, the A Shares, B Shares, C Shares, D Shares and E Shares for the time being in issue shall constitute separate classes of shares respectively for the purposes of these Articles and the Act but, except as otherwise provided by these Articles (and subject always to the provisions of article 9), the A Shares, B Shares, C Shares, D Shares and E Shares shall rank pari passu in all respects.

## **3 Transfer of Shares**

- 3.1 Subject to article 4, any person who holds, or becomes entitled to, any Shares shall not, except with the prior written consent, or in accordance with a prior written agreement, of a Majority, effect a transfer of any such Shares, except in accordance with article 5 (Compulsory Transfer of Shares) or article 6 (Drag Along) or article 7 (Tag Along).
- 3.2 Except with the consent of the Directors, (i) no person may be entitled to hold a number of shares representing 20% or more in nominal value of the entire issued share capital of the Company; and (ii) the total number of E Shares in issue at any time shall not represent more than 10% in nominal value of the entire issued share capital of the Company.
- 3.3 Subject to article 3.4, the Directors shall be obliged to register any duly stamped transfer made in accordance with these Articles, but any transfer or purported transfer of any Shares made otherwise than in accordance with these Articles shall be void and of no effect and the Directors shall refuse to register that transfer.
- 3.4 The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement or similar document in force between the Shareholders in such form as the Directors may reasonably require (provided that the transferee's obligations or liabilities thereunder are not greater than those of the proposed transferor). If any such condition is imposed, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

## **4 Procedure for Transfer of Shares**

- 4.1 Subject to article 5 (Compulsory Transfer of Shares), 6 (Drag Along), article 7 (Tag Along) and article 9 (E Shares), the Shares shall only be transferred in accordance with the provisions of this article 4:
- 4.1.1 Before a Shareholder (the "**Seller**") transfers or disposes of any Shares or any interest in any Shares, the Seller shall give notice in writing to the Shareholders of the Company other than the Seller (the "**Continuing Shareholders**") of his desire to do so (the "**Transfer Notice**").
- 4.1.2 The Transfer Notice shall:
- 4.1.2.1 specify the number of Shares desired to be transferred or disposed of ("**Transfer Shares**");
- 4.1.2.2 specify the price for the Shares which the Seller is willing to accept for the Transfer Shares;
- 4.1.2.3 constitute the Company by its Directors as the Seller's agent to offer and sell the Transfer Shares to any other Continuing Shareholder holding

Shares at the price per Share specified in the Transfer Notice or as determined in accordance with article 4.1.3;

4.1.2.4 not be withdrawn except as provided in article 4.1.3; and

4.1.2.5 not be required to be given to the holder(s) of E Shares (if any) (unless such holder(s) of E Shares shall otherwise be entitled to receive the Transfer Notice as a result of being the holder(s) of another class of Shares).

- 4.1.3 If the Directors do not agree to the price per share proposed by the Seller for the Transfer Shares, the Seller and the Directors shall endeavour to agree a price per share and if they fail to agree a price per share within fifteen business days of the Transfer Notice being served by the Seller, a chartered accountant (the "**Accountant**") appointed by agreement between the Seller and the Directors, *failing such agreement, appointed by the President of the Institute of Chartered Accountants of Scotland*, shall determine the certified value (the "**Certified Value**") of the Transfer Shares in accordance with articles 4.1.10 and 4.1.11 and give a notice in writing specifying such Certified Value to the Seller and the Directors, at which time the Seller shall be entitled to revoke the Transfer Notice by notice in writing given to the Directors within seven business days of receipt of the notice specifying the Certified Value;
- 4.1.4 The Transfer Shares shall first be offered to the Continuing Shareholders in proportion to their existing holdings of Shares (the "**Initial Offer**") and at the price per Share agreed by the Seller and the Directors or at the Certified Value, provided that no offer shall be made to the holder(s) of E Shares in respect of their holding of E Shares (and the remaining provisions of this article 4.1 shall be construed accordingly);
- 4.1.5 The Initial Offer shall be made by written notice (the "**Offer Notice**") from the Directors specifying the number and price of the Transfer Shares and shall invite each Continuing Shareholder to state in writing within a period not being less than fifteen business days whether they are willing to accept any Transfer Shares and if so the maximum number of Transfer Shares they are willing to accept, which shall not be more than that offered to them;
- 4.1.6 At the expiration of the time specified in article 4.1.5 for acceptance of the Offer Notice, the Directors shall allocate the Transfer Shares to or amongst the Continuing Shareholders who shall have notified to the Directors their willingness to take any of the Transfer Shares but so that no Continuing Shareholder shall be obliged to take more than the maximum number of Shares notified by him under article 4.1.5;
- 4.1.7 If any Transfer Shares remain unallocated after the Initial Offer, the Directors shall make a further offer ("**Further Offer**") in writing ("**Further Offer Notice**") on the same terms as the Initial Offer to Continuing Shareholders who shall have expressed their willingness to purchase the Transfer Shares and, if there is more than one Continuing Shareholder to whom this article applies, then the Further Offer shall be pro rata to their existing holdings of Shares;
- 4.1.8 At the expiration of the time specified for acceptance in the Further Offer Notice, the Directors shall allocate the Transfer Shares to or amongst the Continuing Shareholders who shall have notified to the Directors their willingness to take any of the Transfer Shares but so that no Continuing Shareholder shall be obliged to take more than the maximum number of Shares notified by him under article 4.1.7;
- 4.1.9 If any Transfer Shares remain unallocated after the Further Offer, the Directors shall, after the expiry of six months following the date of the Transfer Notice, be entitled to dispose of these Transfer Shares to such persons on such terms and in

such manner as they think fit save that these Transfer Shares shall not be disposed of on terms which are more favourable to their transferees than the terms on which they were offered to the Continuing Shareholders;

4.1.10 In determining the Certified Value, the Accountant shall rely on the following assumptions:

4.1.10.1 the Transfer Shares shall be valued as between a willing seller and a willing buyer, with no discount in respect of a minority interest and no premium in respect of a majority interest being applied;

4.1.10.2 the Shares are sold free of all restrictions, liens, charges and other encumbrances; and

4.1.10.3 the sale takes place on the date the Accountant was requested to determine the Certified Value; and

4.1.11 The Accountant's decision on Certified Value shall, save in the case of manifest error, be final and binding on the Seller and the Directors.

4.2 If the Company finds a purchaser or purchasers for all or any of the Transfer Shares under the terms of article 4, the Seller shall be bound upon receipt of the price payable for such shares to transfer the Transfer Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such person or persons. If the Seller defaults in transferring the Transfer Shares, the Company shall, if so required by the person or persons willing to purchase such Transfer Shares but subject always to article 3.4, receive and give a good discharge for the purchase money on behalf of the Seller and shall authorise an officer of the Company (or such other person as the Company may at its discretion consider appropriate) to execute transfers of the Transfer Shares in favour of the purchaser or purchasers and shall enter the names of the purchaser or purchasers in the Register of Members as the holder of such of the Transfer Shares as shall have been transferred to them.

## **5 Compulsory Transfer of Shares**

5.1 A Compulsory Transfer Event shall be deemed to have occurred in relation to a Shareholder if that Shareholder:

5.1.1 commits a material breach of any shareholders' agreement relating to the Company to which it is a party and fails to remedy such breach (if capable of remedy) within 20 business days of being given notice by the other Shareholder to do so;

5.1.2 is adjudged bankrupt; or

5.1.3 Dies.

5.2 If a Compulsory Transfer Event occurs in relation to a Shareholder (the "**Defaulting Shareholder**"), that Shareholder shall be deemed immediately upon the occurrence of such Compulsory Transfer Event to have given the other the Shareholders of the Company other than the Defaulting Shareholder (the "**Remaining Shareholders**") an irrevocable notice ("**Compulsory Transfer Notice**") offering to sell all (but not some only) of his Shares (the "**Defaulting Shares**") to the Remaining Shareholders in proportion to their existing holdings of Equity Shares at Fair Value, provided that no offer shall be made to the holder(s) of E Shares in respect of their holding of E Shares (and the remaining provisions of this article 5 shall be construed accordingly).

5.3 Where a Compulsory Transfer Event has occurred and a Compulsory Transfer Notice is deemed to have been given and the circumstances are such that the Remaining Shareholders are unaware of the facts giving rise to the Compulsory Transfer Event, such

Compulsory Transfer Notice shall be deemed to have been received by the Remaining Shareholders on the date on which the Remaining Shareholders receives actual notice of such facts and the provisions of this article 5 shall apply accordingly.

- 5.4 For the purposes of article 5.2, Fair Value shall be such price per share for the Defaulting Shares as the Shareholders shall agree within fifteen business days of the date of the deemed Compulsory Transfer Notice or, failing such agreement, the Accountant, appointed by agreement between the Defaulting Shareholder and the Directors, failing such agreement, appointed by the President of the Institute of Chartered Accountants of Scotland, shall be appointed to determine the Fair Value in accordance with articles 5.5 and 5.6, who shall give a notice in writing specifying the Fair Value to the Defaulting Shareholder and Continuing Shareholders.
- 5.5 In determining the Fair Value, the Accountant shall rely on the following assumptions:
- 5.5.1 the Defaulting Shares shall be valued as between a willing seller and a willing buyer, with no discount in respect of a minority interest and no premium in respect of a majority interest being applied;
  - 5.5.2 the Defaulting Shares are sold free of all restrictions, liens, charges and other encumbrances; and
  - 5.5.3 the sale takes place on the date the Accountant was requested to determine the Fair Value.
- 5.6 The Accountant's decision on Certified Value shall, save in the case of manifest error, be final and binding on the Defaulting Shareholders, the Remaining Shareholders, the holder(s) of E Shares (if any) and the Directors.
- 5.7 The Remaining Shareholders shall be entitled, within 20 business days of the determination of the Fair Value in accordance with article 5.4, to give written notice to the Defaulting Shareholder requiring it to sell all (but not some only) of its Shares to the Remaining Shareholders in proportion to their existing holdings of Equity Shares at the Fair Value and, if the Remaining Shareholders gives such notice, the Remaining Shareholders will be bound to buy and the Defaulting Shareholder will be bound to sell all of the Defaulting Shareholder's Shares on such terms.
- 5.8 If the Defaulting Shareholder defaults in transferring any of its Shares pursuant to this article 5, the Company:
- 5.8.1 may receive the relevant purchase money;
  - 5.8.2 may nominate some person to execute an instrument of transfer of the Defaulting Shareholder's Shares in the name and on behalf of the Defaulting Shareholder;
  - 5.8.3 shall cause the name of the Remaining Shareholders to be entered in the Register of Members as the holder of such Defaulting Shareholder's Shares when the instrument of transfer has been duly stamped (if required); and
  - 5.8.4 shall hold the purchase money on trust (without interest) for the Defaulting Shareholder, the receipt of the Company for the purchase money being a good discharge to the Remaining Shareholders (who shall not be bound to see to the application of the purchase money).
- 5.9 If the Remaining Shareholders do not give notice under article 5.7 within the specified time, the Company shall be entitled to buyback the Defaulting Shareholder's Shares (subject to the provisions of the Act).



## **6 Drag Along**

- 6.1 If, after having given a Transfer Notice to the Continuing Shareholders and having complied with the provisions of Article 4, the Seller(s) wish to transfer all (but not some only) of his/their Shares representing 50% of the Equity Shares in issue for the time being to a bona fide third party (the "**Third Party**"), the Seller shall be entitled to give written notice to the Continuing Shareholders (the "**Drag Along Notice**") requiring the Continuing Shareholders (which, for the avoidance of doubt, shall include the holder(s) of E Shares) to sell to the Third Party all of the Continuing Shareholders' Shares upon the terms and conditions specified in the Drag Along Notice.
- 6.2 The terms on which the Seller requires the Continuing Shareholders to sell their Shares must be no less favourable than the terms on which the Seller is selling its Shares to the Third Party.
- 6.3 The Drag Along Notice must specify:
- 6.3.1 the details of the Third Party;
  - 6.3.2 the price payable for each Share and other consideration (if any) to be received (directly or indirectly) by the Seller; and
  - 6.3.3 any other material terms upon which the Continuing Shareholders' Shares shall be purchased pursuant to the Drag Along Notice.
- 6.4 If the Continuing Shareholders shall not, within five business days of being required to do so, execute and deliver transfers in respect of the Shares held by him and deliver the certificates in respect of the same (or a suitable indemnity in lieu thereof), then the Seller may require the Company or a person nominated by the Company to execute as an attorney the necessary transfers and indemnities on the Continuing Shareholders' behalf and, against receipt by the Company (on trust for such Continuing Shareholders) of the consideration payable for the relevant Shares, deliver such transfers and certificates or indemnities to the Third Party (or his nominee) and register such Third Party (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.
- 6.5 The Continuing Shareholders are not obliged to sell their Shares in accordance with this article 6 if the Seller does not complete the sale of all its Shares to the Third Party on the same terms and conditions as set out in the Drag Along Notice.

## **7 Tag Along**

- 7.1 If, after having given a Transfer Notice to the Continuing Shareholders and having complied with the provisions of article 4, the Sellers wish to transfer all (but not some only) of their Shares to a bona fide third party (the "**Proposed Buyer**") in one or a series of related transactions, and such transfer would when registered result in that person (together with persons connected or Acting in Concert with him) holding or increasing his shareholding in the Company to 50 % or more of the Equity Shares (the "**Proposed Sale**"), the Sellers shall give written notice ("**Tag Along Notice**") to the Continuing Shareholders (which, for the avoidance of doubt, shall include the holder(s) of E Shares) of the Proposed Sale at least 10 business days prior to the proposed date of completion thereof.
- 7.2 The Tag Along Notice must specify:
- 7.2.1 the details of the Proposed Buyer;
  - 7.2.2 the sale price for each Share and other consideration (if any) to be received (directly or indirectly) by the Sellers; and
  - 7.2.3 any other material terms upon which the Shares are to be purchased.

- 7.3 The Proposed Sale may not be completed unless the Proposed Buyer has unconditionally offered to buy all the other issued Shares (other than any Shares already owned by the Proposed Buyer or persons connected or Acting in Concert with him) on the same terms and conditions as apply to the Proposed Sale. Such offer shall remain open for acceptance for not less than 15 business days.

## **8 Equity Shares - Dividends and Voting**

- 8.1 Subject to the Act, the A Shares, B Shares, C Shares and D Shares shall each be entitled to such dividend as may be declared by the Directors in respect of any Financial Year. The Company shall be entitled to declare dividends of differing amounts and at different rates as the Directors shall determine in respect of each of the A Shares, B Shares, C Shares and D Shares.
- 8.2 Subject to the Act, the Directors may remit interim dividends provided that the Available Profits of the Company justify the payment.
- 8.3 Subject to article 8.2, the Company may declare such dividends as may be justified on a six monthly basis.
- 8.4 The A Shares, B Shares, C Shares and D Shares shall confer on each holder(s) of such A Shares, B Shares, C Shares or D Shares the right to receive notice of and to attend, vote and speak at any general meeting of the Company and to receive and vote on proposed written resolutions of the Company.

## **9 E Shares**

The E Shares shall carry the following rights:

- 9.1 the E Shares shall not entitle the holder(s) of such E Shares to any dividend in respect of those E Shares;
- 9.2 the E Shares shall not entitle the holder(s) of such E Shares to receive notice of, or attend or vote at any general meeting of the Company, or to receive or vote on proposed written resolutions of the Company, by virtue of their holdings of any such E Shares;
- 9.3 the E Shares shall not be capable of being redeemed;
- 9.4 the E Shares shall not confer on the holder(s) of such E Shares, in respect of their holding of E Shares, the right to receive an offer to be allotted, or an offer or to subscribe for, equity securities pursuant to section 561 of the Act; and
- 9.5 notwithstanding any other provisions of these Articles, except with the prior written consent (or in accordance with a prior written agreement) of a Majority, the E Shares are not transferable other than pursuant to article 5 (Compulsory Transfer of Shares), article 6 (Drag Along) or article 7 (Tag Along).

## **10 Unanimous decisions**

- 10.1 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.
- 10.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 10.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

- 10.4 Where there is only one Director that, Director shall take decisions in the form of resolutions in writing.

## **11 Quorum for Directors' Meetings**

- 11.1 Subject to article 11.2, the quorum for the transaction of business at a meeting of Directors (including adjourned meetings) is any two Eligible Directors.
- 11.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 14 to authorise a Director's conflict, if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 11.3 No business shall be conducted at any meeting of directors unless a quorum is present at the beginning of the meeting and at the time when there is to be voting on any business.

## **12 Casting Vote**

If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall have a casting vote.

## **13 Transactions or Other Arrangements with the Company**

- 13.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- 13.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
  - 13.1.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of Directors) in respect of such contract or proposed contract in which he is interested;
  - 13.1.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested;
  - 13.1.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
  - 13.1.5 may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
  - 13.1.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

## **14 Directors' Conflicts of Interest**

- 14.1 The Directors may, in accordance with the requirements set out in this article 14, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an "**Interested Director**") breaching his duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**").
- 14.2 Any authorisation under this article 14 will be effective only if:
- 14.2.1 to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
  - 14.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
  - 14.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 14.3 Any authorisation of a Conflict under this article 14 may (whether at the time of giving the authorisation or subsequently):
- 14.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - 14.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict;
  - 14.3.3 provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors vote in relation to any resolution related to the Conflict;
  - 14.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
  - 14.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
  - 14.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.
- 14.4 Where the Directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 14.5 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 14.6 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a

relationship involving a Conflict which has been authorised by the Directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

**15 Records of decisions to be kept**

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

**16 Number of Directors**

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

**17 Appointment of Directors**

In any case where, as a result of death or bankruptcy, the Company has no Shareholders and no Directors, the transmittee(s) of the last Shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a Director.

**18 Appointment and Removal of Alternate Directors**

18.1 Any Director ("**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,

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

18.3 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.

18.4 The notice must:

18.4.1 identify the proposed alternate; and

18.4.2 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.

**19 Rights and Responsibilities of Alternate Directors**

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

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 and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member.
- 19.4 A person who is an alternate director but not a Director:
- 19.4.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
- 19.4.2 may participate in a unanimous decision of the Directors (but only if his appointor is an Eligible Director in relation to that decision, but does not participate); and
- 19.4.3 shall not be counted as more than one Director for the purposes of articles 19.4.1 and 19.4.2.
- 19.5 A Director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Directors (provided that his appointor is an Eligible Director in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present.
- 19.6 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as his appointor but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

## **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 alternate's appointor's appointment as a Director terminates.

## **21 Secretary**

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

## **22 Poll votes**

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

## **23 Proxies**

- 23.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".
- 23.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

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

- 24.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 24.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
  - 24.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
  - 24.1.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
  - 24.1.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.
- 24.2 For the purposes of this article 24, no account shall be taken of any part of a day that is not a working day.
- 24.3 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act.

## **25 Over-riding provisions**

- 25.1 If any Shareholder alone, jointly or acting together with any other Shareholder or Shareholders (such Shareholder or Shareholders jointly or acting together being hereinafter referred to as the "**Parent**") shall hold not less than 75 per cent in nominal value of the issued shares of the Company as confers the right for the time being to attend and vote at general meetings of the Company, the following provisions shall apply (but without prejudice to the provisions of section 168 of the Act) and to the extent of any inconsistency shall have over-riding effect as against all other provisions of these Articles:
- 25.1.1 the Parent may at any time and from time to time appoint any person to be a Director or remove from office any Director howsoever appointed in each case by notice to the Company; and
  - 25.1.2 any or all powers of the Directors shall be restricted in such respects and to such extent as the Parent may by notice to the Company from time to time prescribe

and any such restriction may be removed or varied in such regard and to such extent as the Parent may by notice to the Company from time to time prescribe.

- 25.2 Any such notice as referred to in article 25.1 shall be in writing, served on the Company and signed by, or on behalf of, the Parent (where the Parent consists of two or more persons, jointly or acting together, any such notice shall be signed by, or on behalf of, each of them). No person dealing with the Company shall be concerned to enquire as to whether the powers of the Directors have been in any way restricted hereunder and no obligation incurred, security given or transaction effected by the Company to, or with, any third party shall be invalid or ineffectual unless the third party had at the time express notice that the incurring of such obligation, the giving of such security or the effecting of such transaction was in excess of the powers of the Directors.

## **26 Indemnity**

- 26.1 Subject to article 26.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:

- 26.1.1 each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer:

26.1.1.1 in the actual or purported execution and/or discharge of his duties, or in relation to them; and

26.1.1.2 in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

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

- 26.1.3 the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 26.1.1 and otherwise may take any action to enable any such Relevant Officer to avoid incurring such expenditure.

- 26.2 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.

- 26.3 In this article companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

## **27 Insurance**

- 27.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any relevant loss.

- 27.2 In this article:

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



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