

**UK GREEN INVESTMENT BANK PLC**  
**(the "Company")**  
**Registered No. SC424067**

Notice is hereby given that a General Meeting of the Company will be held at 1 Victoria Street, London SW1H 0ET on 28 May 2012 at 12.15 p.m.

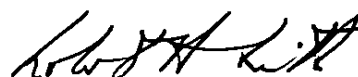
The General Meeting will be held for the purpose of considering and, if thought fit, passing the following special resolution

"that the regulations contained in the document attached to this notice and marked "A" for the purposes of identification and the provisions contained in the document attached to this notice and marked "B" be and are hereby approved and adopted as the constitution of the Company in substitution for and to the exclusion of the existing constitution of the Company"

**Registered Office:**

Quatermile One  
15 Lauriston Place  
Edinburgh  
EH3 9EP

**By order of the Board**



Director / Company Secretary

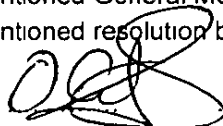
Dated 28 May 2012

**Any member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.**

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**Consent to short notice of a General Meeting**

We, the undersigned, being the sole member of the Company, hereby consent to the above-mentioned General Meeting being held on less than 14 clear days' notice and to the above-mentioned resolution being proposed and passed as special resolutions



for and on behalf of

**Department for Business, Innovation and Skills**

Dated 28 May 2012

TUESDAY



RM 29/05/2012 #170  
COMPANIES HOUSE

**ARTICLES OF ASSOCIATION**  
  
**of the**  
  
**UK GREEN INVESTMENT BANK PLC**  
  
**a public limited company**  
  
**(adopted on 15 May 2012)**

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**Interpretation**

**1. Exclusion of Model Articles**

No articles set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies shall apply as the articles of the company

**2. Definitions**

In these articles unless the context otherwise requires

**"address"** includes a number or address used for the purposes of sending or receiving documents or information by electronic means,

**"these articles"** means these articles of association as altered from time to time and the expression **"this article"** shall be construed accordingly,

**"the auditors"** means the auditors from time to time of the company or, in the case of joint auditors, any one of them,

**"the Bank of England base rate"** means the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998,

**"the board"** means the board of directors from time to time of the company or the directors present at a meeting of the directors at which a quorum is present,

**"clear days"** in relation to the period of a notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect,

**"the Companies Acts"** means every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the company,

**"the holder"** in relation to any shares means the person whose name is entered in the register as the holder of those shares,

**"the office"** means the registered office from time to time of the company,

**"paid up"** means paid up or credited as paid up,

**"person entitled by transmission"** means a person whose entitlement to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law has been noted in the register,

**"the register"** means the register of members of the company,

**"seal"** means any common or official seal that the company may be permitted to have under the Companies Acts,

**"the secretary"** means the secretary, or (if there are joint secretaries) any one of the joint secretaries, of the company and includes an assistant or deputy secretary and any person appointed by the board to perform any of the duties of the secretary,

**"United Kingdom"** means Great Britain and Northern Ireland,

references to a document being **"signed"** or to **"signature"** include references to its being executed under hand or under seal or by any other method and, in the case of a communication in electronic form, such references are to its being authenticated as specified by the Companies Acts,

references to **"writing"** include references to any method of representing or reproducing words in a legible and non-transitory form whether sent or supplied in electronic form or otherwise and **"written"** shall be construed accordingly,

words or expressions to which a particular meaning is given by the Companies Acts in force when these articles or any part of these articles are adopted bear (if not inconsistent with the subject matter or context) the same meaning in these articles or that part (as the case may be) save that the word **"company"** shall include any body corporate, and

references to a **"meeting"** shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person

Headings are included only for convenience and shall not affect meaning

### **3. The Green Objective**

The objects of the company are

- (A) to carry on the business of a company making, facilitating, engaging in and encouraging investments, lending and related activities (including (without limitation) by or with respect to (i) the lending of money, (ii) the grant or provision of credit or other financial accommodation, (iii) the investment of money in investments and other financial assets (including (without limitation) securities (whether debt or equity in character)) and to hold, sell or otherwise deal with such investments or other financial assets, (iv) the grant or provision of guarantees, security or support or (v) the grant or provision of other financial products (in all of the foregoing cases with or without interest, security or

consideration)) which the board considers will, or are reasonably likely to, accelerate, advance or result in the completion, deployment, development, emergence, establishment or expansion of any business, enterprise, industry, infrastructure, project or technology which, in respect of each of the foregoing, the board considers will or is reasonably likely to contribute to one or more of the following

- (i) the reduction of greenhouse gas emissions,
  - (ii) the advancement of efficiency in the use of natural resources,
  - (iii) the protection or enhancement of the natural environment,
  - (iv) the protection or enhancement of biodiversity, or
  - (v) the promotion of environmental sustainability, and
- (B) to do all other things which the board considers ancillary, incidental or conducive to the attainment of the company's foregoing objects,

and the company shall have any and all powers which the board considers ancillary, incidental or conducive to the attainment of the foregoing objects

#### **4. Limited Liability**

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

### **Share Capital**

#### **5 Rights Attached to Shares**

Subject to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the board may decide. Such rights and restrictions shall apply to the relevant shares as if the same were set out in these articles

#### **6. Redeemable Shares**

Subject to any rights attached to existing shares, any share may be issued which is to be redeemed, or is liable to be redeemed at the option of the company or the holder. The board may determine the terms, conditions and manner of redemption of any redeemable share so issued. Such terms and conditions shall apply to the relevant shares as if the same were set out in these articles

#### **7. Variation of Rights**

Subject to the provisions of the Companies Acts, all or any of the rights attached to any existing class of shares may from time to time (whether or not the company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal

value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of these articles as to general meetings of the company shall, with any necessary modifications, apply to any such separate general meeting, but so that the necessary quorum shall be one person entitled to vote and holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), and that any holder of shares of the class present in person or by proxy and entitled to vote may demand a poll. The foregoing provisions of this article shall apply to the variation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class and their special rights were to be varied.

#### **8. Pari Passu Issues**

The rights conferred upon the holder of the shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

#### **9 Payment of Commission**

The company may in connection with the issue of any shares or the sale for cash of treasury shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Acts. Any such commission or brokerage may be satisfied by the payment of cash or by the allotment of fully or partly-paid shares or other securities or partly in one way and partly in the other.

#### **10. Trusts Not Recognised**

Except as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the company as holding any share upon any trust and the company shall not be bound by or required in any way to recognise (even when having notice of it) any interest in any share or (except only as by these articles or by law otherwise provided) any other right in respect of any share other than an absolute right to the whole of the share in the holder.

#### **11. Right to Share Certificates**

Every person (except a person to whom the company is not by law required to issue a certificate) whose name is entered in the register as a holder of any shares shall be entitled, without payment, to receive within the time limits prescribed by the Companies Acts (or, if earlier, within any prescribed time limit or within a time specified when the shares were issued) one certificate for all those shares of any one class.

#### **12. Replacement of Share Certificates**

If a share certificate is defaced, worn out, lost or destroyed, it may be replaced on such terms (if any) as to evidence and indemnity as the board may decide and, where it is defaced or worn out, after delivery of the old certificate to the company. Any two or more certificates representing shares of any one class held by any member shall at his request be cancelled and a single new certificate for such shares issued in lieu. Any certificate representing shares of any one class held by any member may at his request be cancelled and two or more certificates for

such shares may be issued instead. The board may require the payment of any exceptional out-of-pocket expenses of the company incurred in connection with the issue of any certificates under this article.

### **13. Execution of Share Certificates**

Every share certificate shall be executed under a seal or in such other manner as the board, having regard to the terms of issue, may authorise and shall specify the number and class of the shares to which it relates and the amount or respective amounts paid up on the shares. The board may by resolution decide, either generally or in any particular case or cases, that any signatures on any share certificates need not be autographic but may be applied to the certificates by some mechanical or other means or may be printed on them or that the certificates need not be signed by any person.

### **14. Share Certificates Sent at Holder's Risk**

Every share certificate sent in accordance with these articles will be sent at the risk of the member or other person entitled to the certificate. The company will not be responsible for any share certificate lost or delayed in the course of delivery.

## **Lien**

### **15. Company's Lien on Shares Not Fully Paid**

The company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable to the company (whether presently or not) in respect of that share. The company's lien on a share shall extend to every amount payable in respect of it. The board may at any time either generally or in any particular case waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this article.

### **16. Enforcing Lien by Sale**

The company may sell, in such manner as the board may decide, any share on which the company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after a notice has been served on the holder of the share or the person who is entitled by transmission to the share, demanding payment and stating that if the notice is not complied with the share may be sold. For giving effect to the sale the board may authorise some person to sign an instrument of transfer of the share sold to or in accordance with the directions of the purchaser. The transferee shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in relation to the sale.

### **17. Application of Proceeds of Sale**

The net proceeds, after payment of the costs, of the sale by the company of any share on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as it is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale and upon surrender, if required by the company, for cancellation of the certificate for the share sold) be paid to the person who was entitled to the share at the time of the sale.

## **Calls on Shares**

### **18. Calls**

Subject to the terms of issue, the board may from time to time make calls upon the member in respect of any moneys unpaid on its shares (whether on account of the nominal amount of the shares or by way of premium) and not payable on a date fixed by or in accordance with the terms of issue, and the member shall (subject to the company serving upon him at least 14 clear days' notice specifying when and where payment is to be made) pay to the company as required by the notice the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed, in whole or in part, as the board may decide. A person upon whom a call is made shall remain liable jointly and severally with the successors in title to his shares for all calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

### **19. Timing of Calls**

A call shall be deemed to have been made at the time when the resolution of the board authorising the call was passed.

### **20. Interest Due on Non-Payment**

If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it is due and payable to the time of actual payment at such rate (not exceeding the Bank of England base rate by more than five percentage points) as the board may decide, and all expenses that have been incurred by the company by reason of such non-payment, but the board shall be at liberty in any case or cases to waive payment of the interest or expenses wholly or in part.

### **21. Sums Due on Allotment Treated as Calls**

Any amount which becomes payable in respect of a share on allotment or on any other date fixed by or in accordance with the terms of issue, whether in respect of the nominal amount of the share or by way of premium or as an instalment of a call, shall be deemed to be a call and, if it is not paid, all the provisions of these articles shall apply as if the sum had become due and payable by virtue of a call.

### **22. Payment of Calls in Advance**

The board may, if it thinks fit, receive from the member who is willing to advance them all or any part of the moneys uncalled and unpaid upon the shares held by him and on all or any of the moneys so advanced may (until they would, but for the advance, become presently payable) pay interest at such rate (not exceeding the Bank of England base rate by more than five percentage points, unless the company by ordinary resolution shall otherwise direct) as the board may decide.

## **Forfeiture of Shares**

### **23. Notice if Call or Instalment Not Paid**

If any call or instalment of a call remains unpaid on any share after the day appointed for payment, the board may at any time serve a notice on the holder requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the company by reason of such non-payment

### **24. Form of Notice**

The notice shall name a further day (not being less than 14 clear days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that in the event of non-payment on or before the day and at the place appointed, the shares in respect of which the call has been made or instalment is payable will be liable to be forfeited

### **25. Forfeiture for Non-Compliance with Notice**

If the notice is not complied with, any share in respect of which it was given may, at any time before payment of all calls or instalments and interest and expenses due in respect of it have been made, be forfeited by a resolution of the board to that effect and the forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited shares and not paid before the forfeiture. The board may accept the surrender of any share liable to be forfeited and, in that event, references in these articles to forfeiture shall include surrender

### **26. Notice after Forfeiture**

When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share but no forfeiture shall be invalidated by any omission or neglect to give notice

### **27. Sale of Forfeited Shares**

Until cancelled in accordance with the requirements of the Companies Acts, a forfeited share shall be deemed to be the property of the company and may be sold or otherwise disposed of either to the person who was, before forfeiture, the holder or to any other person upon such terms and in such manner as the board shall decide. The board may for the purposes of the disposal authorise some person to sign an instrument of transfer to the designated transferee. The company may receive the consideration (if any) given for the share on its disposal. At any time before a sale or disposition the forfeiture may be cancelled by the board on such terms as the board may decide

### **28. Arrears to be Paid Notwithstanding Forfeiture**

A person whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the company for cancellation the certificate for the forfeited shares but shall remain liable to pay to the company all moneys which at the date of the forfeiture were payable by him to the company in respect of those shares with interest thereon at such rate (not exceeding the Bank of England base rate by more than five percentage points) as the board



may decide from the date of forfeiture until payment, and the company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited or for any consideration received on their disposal

## **29. Statutory Declaration as to Forfeiture**

A statutory declaration that the declarant is a director of the company or the secretary and that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The declaration shall (subject to the signing of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is sold or otherwise disposed of shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale or disposal

## **Transfer of Shares**

### **30. Transfer**

- (A) Subject to such of the restrictions of these articles as may be applicable the member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the board may approve
- (B) The transferor of a share shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it

### **31. Signing of Transfer**

The instrument of transfer of a share shall be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. All instruments of transfer, when registered, may be retained by the company

### **32. Rights to Decline Registration of Partly Paid Shares**

The board can decline to register any transfer of any share which is not a fully paid share

### **33. Other Rights to Decline Registration**

- (A) The board may decline to register any transfer of a share unless
  - (i) the instrument of transfer is duly stamped or duly certified or otherwise shown to the satisfaction of the board to be exempt from stamp duty and is left at the office or such other place as the board may from time to time determine accompanied (save in the case of a transfer by a person to whom the company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the board may reasonably require to show the right of the person signing the instrument of transfer to make the transfer and, if the

instrument of transfer is signed by some other person on his behalf, the authority of that person so to do, and

(ii) the instrument of transfer is in respect of only one class of share

(B) For all purposes of these articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer

### **34 No Fee for Registration**

No fee shall be charged by the company for registering any transfer, document or instruction relating to or affecting the title to any share or for making any other entry in the register

### **Alteration of Share Capital**

### **35. Sub-division**

Any resolution authorising the company to sub-divide its shares or any of them may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others, provided that none of the shares resulting from the sub-division may have any right, preference or advantage not attached to the shares immediately prior to the sub-division

### **Notice of General Meetings**

### **36 Omission or Non-Receipt of Notice**

- (A) The accidental omission to give any notice of a meeting or the accidental omission to send or supply any document or other information relating to any meeting to, or the non-receipt (even if the company becomes aware of such failure to send or supply or non-receipt) of any such notice, document or other information by, any person entitled to receive the notice, document or other information shall not invalidate the proceedings at that meeting
- (B) A member present in person or by proxy at a meeting shall be deemed to have received proper notice of that meeting and, where applicable, of the purpose of that meeting

### **37 Postponement of General Meetings**

If the board, in its absolute discretion, considers that it is impractical or undesirable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, it may postpone or move the general meeting to another date, time and/or place. The board shall ensure that notice of the date, time and place of the rearranged meeting is given to the member. Notice of the business to be transacted at such rearranged meeting shall not be required. If a meeting is rearranged in this way, the appointment of a proxy will be valid if it is received as required by these articles not less than 48 hours before the time

appointed for holding the rearranged meeting. The board may also postpone or move the rearranged meeting under this article.

### **Proceedings at General Meetings**

#### **38 Quorum**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by these articles, one member present in person or by proxy and entitled to vote shall be a quorum for all purposes.

#### **39. Procedure if Quorum Not Present**

If within five minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for the commencement of the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting

- (i) if convened by or upon the requisition of the member, shall be dissolved, and
- (ii) in any other case, it shall stand adjourned to such other day (being not less than ten days later, excluding the day on which the meeting is adjourned and the day for which it is reconvened) and at such other time or place as the chairman of the meeting may decide.

#### **40. Chairman of General Meeting**

The chairman (if any) of the board shall preside as chairman at every general meeting. If there is no chairman, or if at any meeting the chairman is not present within five minutes after the time appointed for the commencement of the meeting, or if the chairman is not willing to act as chairman, the directors present shall choose one of their number to act, or if one director only is present he shall preside as chairman of the meeting if willing to act. If no director is present, or if each of the directors present declines to take the chair, the person present and entitled to vote shall preside as chairman of the meeting. Nothing in these articles shall restrict or exclude any of the powers or rights of a chairman of a meeting which are given by law.

#### **41 Orderly Conduct**

The chairman of the meeting shall take such action or give directions for such action to be taken as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting. The chairman's decision on points of order, matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his determination as to whether any point or matter is of such a nature.

#### **42 Entitlement to Attend and Speak**

Each director shall be entitled to attend and speak at any general meeting of the company. The chairman of the meeting may invite any person to attend and speak at any general meeting of the company where he considers that this will assist in the deliberations of the meeting.

**43. Adjournments**

The chairman of the meeting may at any time without the consent of the meeting adjourn any meeting (whether or not it has commenced or a quorum is present) either sine die or to another time or place where it appears to him that an adjournment is otherwise necessary so that the business of the meeting may be properly conducted or otherwise with the consent of any meeting at which a quorum is present. When a meeting is adjourned sine die the time and place for the adjourned meeting shall be fixed by the board. No business shall be transacted at any adjourned meeting except business which might properly have been transacted at the meeting had the adjournment not taken place. Any meeting may be adjourned more than once.

**44. Notice of Adjournment**

If the continuation of an adjourned meeting is to take place three months or more after it was adjourned or if business is to be transacted at an adjourned meeting the general nature of which was not stated in the notice of the original meeting, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as provided in this article, it shall not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.

**Amendments****45. Amendments to Resolutions**

In the case of a resolution duly proposed as a special resolution no amendment thereto (other than an amendment to correct a patent error) may be considered or voted upon and in the case of a resolution duly proposed as an ordinary resolution no amendment thereto (other than an amendment to correct a patent error) may be considered or voted upon unless either at least two working days prior to the date appointed for holding the meeting or adjourned meeting at which such ordinary resolution is to be proposed notice in writing of the terms of the amendment and intention to move the same has been received by the company at the office or the chairman of the meeting in his absolute discretion decides that it may be considered or voted upon. With the consent of the chairman of the meeting, an amendment may be withdrawn by its proposer before it is put to the vote.

**46. Amendments Ruled Out of Order**

If an amendment shall be proposed to any resolution under consideration but shall be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

**Voting****47. Votes of Members**

Subject to any special terms as to voting upon which any shares may be issued or may at the relevant time be held and to any other provisions of these articles, members shall be entitled to vote at a general meeting whether on a show of hands or on a poll as provided in the Companies Acts. For this purpose, where a proxy is given discretion as to how to vote on a

show of hands, this shall be treated as an instruction by the relevant member to vote in the way in which the proxy elects to exercise that discretion

#### **48. Method of Voting**

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded. A poll may be demanded by

- (i) the chairman of the meeting, or
- (iii) the member, whether present in person or by proxy

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution on a show of hands has been carried lost shall be conclusive evidence of the fact without proof of the votes recorded for or against the resolution

#### **49. Procedure if Poll Demanded**

If a poll is properly demanded it shall be taken in such manner as the chairman of the meeting shall direct. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded

#### **50. When Poll to be Taken**

A poll demanded on the election of a chairman of the meeting, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or on such date (being not later than 30 days after the date of the demand) and at such time and place as the chairman of the meeting shall direct. It shall not be necessary (unless the chairman of the meeting otherwise directs) for notice to be given of a poll

#### **51. Continuance of Other Business after Poll Demand**

The demand for a poll (other than on the election of a chairman of the meeting or on a question of adjournment) shall not prevent the continuance of a meeting for the transaction of any business, other than a vote on the show of hands on the question on which the poll was demanded, and it may be withdrawn with the consent of the chairman of the meeting at any time before the close of the meeting or the taking of the poll, whichever is the earlier, and in that event shall not invalidate the result of a show of hands declared before the demand was made

#### **52. No Right to Vote where Sums Overdue on Shares**

No member shall, unless the board otherwise decides, be entitled in respect of any share held by him to attend or vote (either personally or by proxy) at any general meeting of the company or to exercise any other right conferred by membership in relation to general meetings or polls unless all calls or other sums presently payable by him in respect of that share have been paid

### **53 Objections or Errors in Voting**

If any objection shall be raised to the qualification of any voter the objection or error shall not vitiate the decision of the meeting or adjourned meeting or poll on any resolution unless it is raised or pointed out at the meeting or, as the case may be, the adjourned meeting or poll at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be conclusive.

### **Proxies**

#### **54. Appointment of Proxies**

The appointment of a proxy shall be in writing and be executed under the seal of the appointor or signed by an officer, attorney or other person authorised to sign on behalf of the appointor. If the member appoints more than one proxy and the proxy forms appointing those proxies would give those proxies the apparent right to exercise votes on behalf of the member in a general meeting over more shares than are held by the member, then each of those proxy forms will be invalid and none of the proxies so appointed will be entitled to attend, speak or vote at the relevant general meeting.

#### **55. Receipt of Proxies**

- (A) The appointment of a proxy must
  - (i) in the case of an appointment made in hard copy form, be received at the office (or such other place in the United Kingdom as may be specified by the company for the receipt of appointments of proxy in hard copy form) not less than 48 hours (or such shorter time as the board may determine) before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote together with (if required by the board) any authority under which it is made or a copy of the authority, certified notarially or in accordance with the Powers of Attorney Act 1971 or in some other manner approved by the board,
  - (ii) in the case of an appointment made by electronic means, be received at the address specified by the company for the receipt of appointments of proxy by electronic means not less than 48 hours (or such shorter time as the board may determine) before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote. Any authority pursuant to which such an appointment is made or a copy of the authority, certified notarially or in accordance with the Powers of Attorney Act 1971 or in some other manner approved by the board, must, if required by the board, be received at such address or at the office (or such other place in the United Kingdom as may be specified by the company for the receipt of such documents) not less than 48 hours (or such shorter time as the board may determine) before the time appointed for holding the meeting.

or adjourned meeting at which the person named in the appointment proposes to vote,

- (iii) in the case of a poll taken more than 48 hours after it was demanded, be received as aforesaid not less than 24 hours (or such shorter time as the board may determine) before the time appointed for the taking of the poll, and
- (iv) in the case of a poll taken following the conclusion of a meeting or adjourned meeting but not more than 48 hours after it was demanded, be received as aforesaid before the end of the meeting at which it was demanded (or at such later time as the board may determine),

and an appointment of a proxy which is not, or in respect of which the authority or copy thereof is not, received in a manner so permitted shall be invalid. When two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same meeting or poll, the one which is last received (regardless of its date or of the date of its signature) shall be treated as replacing and revoking the others as regards that share, if the company is unable to determine which was last received, none of them shall be treated as valid in respect of that share. The appointment of a proxy shall not preclude the member from attending and voting in person at the meeting or poll concerned. The proceedings at a general meeting shall not be invalidated where an appointment of a proxy in respect of that meeting is sent in electronic form as provided in these articles, but because of a technical problem it cannot be read by the recipient.

- (B) The board may at its discretion determine that in calculating the periods mentioned in this article no account shall be taken of any part of a day that is not a working day.

## **56 Maximum Validity of Proxy**

No appointment of a proxy shall be valid after 12 months have elapsed from the date of its receipt save that, unless the contrary is stated in it, an appointment of a proxy shall be valid for use at an adjourned meeting or a poll after a meeting or an adjourned meeting even after 12 months, if it was valid for the original meeting.

## **57 Form of Proxy**

The appointment of a proxy shall be in any usual form or in such other form as the board may approve. The appointment of a proxy shall be deemed to confer authority to demand a poll to vote on any amendment of a resolution put to, or any other business which may properly come before, the meeting for which it is given as the proxy thinks fit. The appointment of a proxy shall, unless the contrary is stated in it, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

**58. Cancellation of Proxy's Authority**

A vote given or poll demanded by a proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice in writing of the determination was received by the company at the office (or such other place or address as was specified by the company for the receipt of appointments of proxy) not later than the last time at which an appointment of a proxy should have been received in order to be valid for use at the meeting or on the holding of the poll at which the vote was given or the poll taken

**Class Meetings****59. Separate General Meetings**

The provisions of these articles relating to general meetings shall apply, with any necessary modifications, to any separate general meeting of the holder of shares of a class convened otherwise than in connection with the variation or abrogation of the rights attached to the shares of that class. For this purpose, a general meeting at which no holder of a share other than an ordinary share may, in his capacity as a member, attend or vote shall also constitute a separate general meeting of the holders of the ordinary shares

**Matters Requiring the Member's Consent****60. Approval of the appointment or removal of directors and their terms of employment or engagement and remuneration**

Notwithstanding any provision in these articles to the contrary, each of the following shall be deemed to be a variation of the rights attaching to the ordinary shares and accordingly shall occur and be effective only with the prior written consent of the member

- (A) the appointment or removal from office of any director of the company,
- (B) the approval of or agreement to or any material variation or amendment to (i) the remuneration (including, without limitation, salary, share options, bonuses, benefits in kind and pension rights) paid or granted by any member of the group to or for the benefit of any director of the company in respect of his/her office as a director of the company or (ii) the terms and conditions on which such remuneration is to be paid or granted, and
- (C) the approval of or agreement to or any material variation or amendment to the terms and conditions of employment or engagement by any member of the group of any director of the company in respect of his/her office as a director of the company

**61 Approval Procedure**

- (A) Whenever the company wishes to obtain the member's consent to any matter set out in Article 60



- (i) the company shall give notice to the member, such notice to
  - (a) be in writing,
  - (b) be addressed to such persons as the member shall, from time to time, notify in writing to the company,
  - (c) be delivered by hand or such other means (which may include electronic means) to which the member has provided (and not revoked) its written consent specifically for the purpose of receiving such notices,
  - (d) clearly state that it is important and requires immediate attention,
  - (e) clearly identify itself as a notice served pursuant to this Article 61 and that failure to respond within ten business days will result in the member being deemed to have given his consent to the matter in question, and
  - (f) contain or annex such information as can reasonably be expected to enable the member to consider the matter being proposed
- (ii) On or before the date which falls ten business days after the date of receipt of such notice (the "**Initial Expiry Date**") the member shall give written notice to the secretary stating
  - (a) its consent to the matter contained in the notice, or
  - (b) its refusal to consent to the matter contained in the notice (providing in reasonable detail and on a confidential basis the reasons for such refusal), or
  - (c) that it requires a further ten business days in which to consider the matter, commencing on the business day following the Initial Expiry Date
- (B) If on or before the Initial Expiry Date the member gives written notice to the company pursuant to Article 61(A)(ii)(c) the member shall, on or before the date which falls ten business days after the Initial Expiry Date, give a further written notice to the secretary stating
  - (i) its consent to the matter contained in the notice, or
  - (ii) its refusal to consent to the matter contained in the notice (providing in reasonable detail and on a confidential basis the reasons for such refusal)

- (C) The member may, at any time, request from the company such further information as it reasonably requires in order to assist it to consider the matter being proposed and the company shall deliver such information to the member as soon as reasonably practicable thereafter
- (D) If the company does not receive any notice from the member pursuant to Article 61(A)(ii) on or before the Initial Expiry Date or pursuant to Article 61 (B) within the further period referred to therein, the company shall be entitled to undertake the matter contained in the notice issued by it pursuant to Article 61 (A)(i) and the consent of the member shall be deemed irrevocably given to such matter
- (E) In favour of any third party dealing with any member of the group a certificate by any director or the secretary to the effect that the member shall have been deemed to have given its consent to any matter as a result of the operation of Article 61(D) above shall be conclusive and binding as to that fact

### **Appointment, Retirement and Removal of Directors**

#### **62. Number of Directors**

Unless otherwise determined by ordinary resolution of the company, the directors (disregarding alternate directors) shall be not less than two nor more than ten in number

#### **63. Directors' Shareholding Qualification**

No shareholding qualification for directors shall be required

#### **64. Power of Member to Appoint the Chairman, Senior Independent Director and a Representative Director**

The member may appoint

- (i) one director to act as chairman of the board (or any committee thereof),
- (ii) one director to act as the senior independent director of the board (or any committee thereof), and
- (iii) one director to the board (or any committee thereof) as its representative (the "**Representative Director**")

and may at any time remove any director appointed by it pursuant to this Article from that office, in each case by notice in writing to the Company

#### **65 Power of Board to Appoint Directors**

Subject to the provisions of articles 60 and 64, the board may appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board, but so that the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with these articles

**66. Retirement of Directors by Rotation**

At every annual general meeting any director

- (i) who held office at the time of the two preceding annual general meetings and who did not retire at either of them, or
- (ii) who has held office with the company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office and may offer himself for re-appointment by the members

**67. Filling Vacancies**

Subject to the provisions of these articles, at the meeting at which a director retires the company can pass an ordinary resolution to re-appoint the director or to elect some other eligible person in his place

**68 Power of Removal by Special Resolution**

In addition to any power of removal conferred by the Companies Acts, the company may by special resolution remove any director before the expiration of his period of office and may (subject to these articles) by ordinary resolution appoint another person who is willing to act to be a director in his place

**69. Persons Eligible as Directors**

No person other than a director retiring at the meeting shall be appointed or re-appointed a director at any general meeting unless

- (i) he is recommended by the board, or
- (ii) not less than seven days before the day appointed for the meeting, notice in writing by a member has been given to the secretary of the intention to propose that person for appointment or re-appointment together with confirmation in writing by that person of his willingness to be appointed or re-appointed

**70 Position of Retiring Directors**

A director who retires at an annual general meeting may, if willing to continue to act, be re-appointed. If he is re-appointed he is treated as continuing in office throughout. If he is not re-appointed, he shall retain office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place

**71. Vacation of Office by Directors**

Without prejudice to the provisions for retirement contained in these articles, the office of a director shall be vacated if

- (i) he resigns his office by notice in writing sent to or received at the office or at an address specified by the company for the purposes of communication by electronic means or tendered at a meeting of the board, or
- (ii) by notice in writing sent to or received at the office or at an address specified by the company for the purposes of communication by electronic means or tendered at a meeting of the board, he offers to resign and the board resolves to accept such offer, or
- (iii) he is or has been suffering from mental or physical ill health and the board resolves that his office is vacated, or
- (iv) he is absent without the permission of the board from meetings of the board (whether or not an alternate director appointed by him attends) for six consecutive months and the board resolves that his office is vacated, or
- (v) he becomes bankrupt or compounds with his creditors generally, or
- (vi) he is prohibited by law from being a director, or
- (vii) he ceases to be a director by virtue of the Companies Acts or is removed from office pursuant to these articles

If the office of a director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the board

## **72. Alternate Directors**

- (A) Each director may appoint any person to be his alternate and may at his discretion remove an alternate director so appointed. If the alternate director is not already a director, the appointment, unless previously approved by the board, shall have effect only upon and subject to its being so approved. Any appointment or removal of an alternate director shall be effected by notice in writing signed by the appointor and sent to or received at the office or at an address specified by the company for the purpose of communication by electronic means or tendered at a meeting of the board, or in any other manner approved by the board. An alternate director shall be entitled to receive notice of all meetings of the board or of committees of the board of which his appointor is a member. He shall also be entitled to attend and vote as a director at any such meeting at which the director appointing him is not personally present and at such meeting to exercise and discharge all the functions, powers, rights and duties of his appointor as a director and for the purposes of the proceedings at such meeting the provisions of these articles shall apply as if he were a director.
- (B) Every person acting as an alternate director shall (except as regards power to appoint an alternate and remuneration) be subject in all respects to the provisions of these articles relating to directors and shall during his appointment be an officer of the company. An alternate director shall alone be responsible to the company for his acts and defaults and shall not be deemed to be the agent of or for the director appointing him. An alternate director may be paid expenses and shall be entitled to be indemnified by the company to the same

extent as if he were a director. An alternate director shall not be entitled to receive from the company any fee in his capacity as an alternate director but the company shall, if so requested in writing by the appointor, pay to the alternate director any part of the fees or remuneration otherwise due to the appointor.

- (C) A director or any other person may act as an alternate director to represent more than one director. Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate, in addition to his own vote if he is also a director but he shall count as only one for the purposes of determining whether a quorum is present. Signature by an alternate director of any resolution in writing of the board or a committee of the board shall, unless the notice of his appointment provides to the contrary, be as effective as signature by his appointor.
- (D) An alternate director shall cease to be an alternate director
  - (i) if his appointor ceases for any reason to be a director except that, if at any meeting any director retires but is re-appointed at the same meeting, any appointment made by him pursuant to this article which was in force immediately before his retirement shall remain in force as though he had not retired, or
  - (ii) on the happening of any event which if he were a director would cause him to vacate his office as director, or
  - (iii) if he resigns his office by notice in writing to the company.

### **73 Executive Directors**

The board or any committee authorised by the board may from time to time appoint one or more directors to hold any employment or executive office with the company for such period and upon such other terms as the board or any committee authorised by the board may in its discretion decide and may revoke or terminate any appointment so made. Any revocation or termination of the appointment shall be without prejudice to any claim for damages that the director may have against the company or the company may have against the director for any breach of any contract of service between him and the company which may be involved in the revocation or termination. A director so appointed shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board or any committee authorised by the board may decide, and either in addition to or in lieu of his remuneration as a director.

## **Fees, Remuneration, Expenses and Pensions**

### **74. Directors' Fees**

Subject to the provisions of these articles, each of the directors shall be paid a fee at such rate as may from time to time be determined by the board, provided that the aggregate of all fees so paid to directors (excluding amounts payable under any other provision of these articles) shall not exceed £2,000,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the company. The board shall not issue shares or share options to directors by way of remuneration or otherwise.

### **75. Additional Remuneration**

Subject to the provisions of these articles, any director who performs services which in the opinion of the board or any committee authorised by the board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board or any committee authorised by the board in its discretion may decide in addition to any remuneration provided for by or pursuant to any other article.

### **76. Expenses**

Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the board or committees of the board or general meetings of the company or any other meeting which as a director he is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the company's business or in the discharge of his duties as a director. The company may also fund a director's or former director's expenditure and that of a director or former director of any holding company of the company for the purposes permitted under the Companies Acts and may do anything to enable a director or former director or a director or former director of any holding company of the company to avoid incurring such expenditure as provided in the Companies Acts.

### **77. Pensions and Gratuities for Directors**

Subject to the provisions of these articles, the board or any committee authorised by the board may exercise all the powers of the company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any director or former director or the relations, or dependants of, or persons connected to, any director or former director, provided that no benefits (except such as may be provided for by any other article) may be granted to or in respect of a director or former director who has not been employed by, or held an executive office or place of profit under, the company or any body corporate which is or has been its subsidiary undertaking or any predecessor in business of the company or any such body corporate without the approval of an ordinary resolution of the company. No director or former director shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company.

### Directors' Interests

#### 78. Conflicts of Interest Requiring Board Authorisation

- (A) The board may, subject to the quorum and voting requirements set out in this article, authorise any matter which would otherwise involve a director breaching his duty under the Companies Acts to avoid conflicts of interest ("**Conflict**")
- (B) A director seeking authorisation in respect of a Conflict shall declare to the board the nature and extent of his interest in a Conflict as soon as is reasonably practicable. The director shall provide the board with such details of the relevant matter as are necessary for the board to decide how to address the Conflict together with such additional information as may be requested by the board
- (C) Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the board shall be effected in the same way that any other matter may be proposed to and resolved upon by the board under the provisions of these articles save that
  - (i) the relevant director and any other director with a similar interest shall not count towards the quorum nor vote on any resolution giving such authority, and
  - (ii) the relevant director and any other director with a similar interest may, if the other members of the board so decide, be excluded from any board meeting while the Conflict is under consideration
- (D) Where the board gives authority in relation to a Conflict, or where any of the situations described in Article 79(B) apply in relation to a director ("**Relevant Situation**")
  - (i) the board may (whether at the relevant time or subsequently) (a) require that the relevant director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the board or otherwise) related to the Conflict or Relevant Situation, and (b) impose upon the relevant director such other terms for the purpose of dealing with the Conflict or Relevant Situation as it may determine,
  - (ii) the relevant director will be obliged to conduct himself in accordance with any terms imposed by the board in relation to the Conflict or Relevant Situation,
  - (iii) the board may provide that where the relevant director obtains (otherwise than through his position as a director of the company) information that is confidential to a third party, the director will not be obliged to disclose that information to the company, or to use or apply the information in relation to the company's affairs, where to do so would amount to a breach of that confidence,

- (iv) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded), and
- (v) the board may revoke or vary such authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority

#### **79. Other Conflicts of Interest**

- (A) If a director is in any way directly or indirectly interested in a proposed contract with the company or a contract that has been entered into by the company, he must declare the nature and extent of that interest to the directors in accordance with the Companies Acts
- (B) Provided he has declared his interest in accordance with paragraph (A), a director may
  - (i) be party to, or otherwise interested in, any contract with the company or in which the company has a direct or indirect interest,
  - (ii) hold any other office or place of profit with the company (except that of auditor) in conjunction with his office of director for such period and upon such terms, including as to remuneration, as the board may decide,
  - (iii) act by himself or through a firm with which he is associated in a professional capacity for the company or any other company in which the company may be interested (otherwise than as auditor),
  - (iv) be or become a director or other officer of, or employed by or otherwise be interested in any holding company or subsidiary company of the company or any other company in which the company may be interested, and
  - (v) be or become a director of any other company in which the company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other company

#### **80. Benefits**

A director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the company or the members for any remuneration, profit or other benefit realised by reason of his having any type of interest authorised under Article 78(A) or permitted under Article 79(B) and no contract shall be liable to be avoided on the grounds of a director having any type of interest authorised under Article 78(A) or permitted under Article 79(B)



**81. Quorum and Voting Requirements**

- (A) A director shall not vote on or be counted in the quorum in relation to any resolution of the board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the company or any other company in which the company is interested
- (B) Where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more directors to offices or places of profit with the company or any other company in which the company is interested, a separate resolution may be put in relation to each director and in that case each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment or the settlement or variation of the terms or the termination of his own appointment or the appointment of another director to an office or place of profit with a company in which the company is interested and the director seeking to vote or be counted in the quorum has a Relevant Interest in it
- (C) A director shall not vote on, or be counted in the quorum in relation to, any resolution of the board in respect of any contract in which he has an interest and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution where that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or where that interest arises only from one or more of the following matters
  - (i) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the company or any of its subsidiary undertakings,
  - (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security,
  - (iii) the giving to him of any other indemnity where all other directors are also being offered indemnities on substantially the same terms,
  - (iv) the funding by the company of his expenditure on defending proceedings or the doing by the company of anything to enable him to avoid incurring such expenditure where all other directors are being offered substantially the same arrangements,
  - (v) where the company or any of its subsidiary undertakings is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate,

- (vi) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the company or by reason of any other interest in or through the company,
  - (vii) any contract concerning any other company (not being a company in which the director has a Relevant Interest) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever,
  - (viii) any contract concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which relates both to directors and employees of the company or of any of its subsidiary undertakings and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates,
  - (ix) any contract for the benefit of employees of the company or of any of its subsidiary undertakings under which he benefits in a similar manner to the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom the contract relates, and
  - (x) any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any director or directors or for, or for the benefit of, persons who include directors
- (D) A company shall be deemed to be one in which a director has a Relevant Interest if and so long as (but only if and so long as) he is to his knowledge (either directly or indirectly) the holder of or beneficially interested in one per cent or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights available to members of that company. In relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise
- (E) Where a company in which a director has a Relevant Interest is interested in a contract, he also shall be deemed interested in that contract
- (F) If any question shall arise at any meeting of the board as to the interest of a director (other than the chairman of the meeting) in a contract and whether it is likely to give rise to a conflict of interest or as to the entitlement of any director (other than the chairman of the meeting) to vote or be counted in the quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be conclusive except in a case where the nature or extent of the director's interest (so far as it is known to him) has not been fairly disclosed to the board. If any question shall arise in respect of the chairman of the meeting, the

question shall be decided by a resolution of the board (for which purpose the chairman of the meeting shall be counted in the quorum but shall not vote on the matter) and the resolution shall be conclusive except in a case where the nature or extent of the interest of the chairman of the meeting (so far as it is known to him) has not been fairly disclosed to the board

- (G) Subject to these articles, the board may cause any voting power conferred by the shares in any other company held or owned by the company or any power of appointment to be exercised in such manner in all respects as it thinks fit, including the exercise of the voting power or power of appointment in favour of the appointment of the directors or any of them as directors or officers of the other company, or in favour of the payment of remuneration to the directors or officers of the other company. Subject to these articles, a director may also vote on and be counted in the quorum in relation to any of such matters

## **82. General**

- (A) References in Articles 78 to 81 and in this article to
- (i) a contract include references to any proposed contract and to any transaction or arrangement or proposed transaction or arrangement whether or not constituting a contract, and
  - (ii) a conflict of interest include a conflict of interest and duty and a conflict of duties
- (B) The company may by ordinary resolution suspend or relax the provisions of Articles 78 to 81 to any extent or ratify any contract not properly authorised by reason of a contravention of any of the provisions of Articles 78 to 81

### **Powers and Duties of the Board**

## **83 General Powers of Company Vested in Board**

Subject to these articles and to any directions given by the company in general meeting by special resolution, the business of the company shall be managed by the board which may exercise all the powers of the company whether relating to the management of the business of the company or not. No alteration of these articles and no special resolution shall invalidate any prior act of the board which would have been valid if that alteration had not been made or that resolution had not been passed. The powers given by this article shall not be limited by any special power given to the board by any other article

## **84. Agents**

- (A) The board can appoint anyone as the company's attorney by granting a power of attorney or by authorising them in some other way. Attorneys can either be appointed directly by the board or the board can give someone else the power to select attorneys. The board or the persons who are authorised by it to select attorneys can decide on the purposes, powers, authorities and discretions of

attorneys But they cannot give an attorney any power, authority or discretion which the board does not have under these articles

- (B) The board can decide how long a power of attorney will last for and attach any conditions to it The power of attorney can include any provisions which the board decides on for the protection and convenience of anybody dealing with the attorney The power of attorney can allow the attorney to grant any or all of his power, authority or discretion to any other person
- (C) The board can
  - (i) delegate any of its authority, powers or discretions to any manager or agent of the company,
  - (ii) allow managers or agents to delegate to another person,
  - (iii) remove any people it has appointed in any of these ways, and
  - (iv) cancel or change anything that it has delegated, although this will not affect anybody who acts in good faith who has not had any notice of any cancellation or change

Any appointment or delegation by the board which is referred to in this article can be on any conditions decided on by the board

- (D) The ability of the board to delegate under this article applies to all its powers and is not limited because certain articles refer to powers being exercised by the board or by a committee authorised by the board while other articles do not

#### **85. Delegation to Individual Directors**

The board may entrust to and confer upon any director any of its powers, authorities and discretions (with power to sub-delegate) upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, authorities and discretions and may from time to time revoke or vary all or any of them but no person dealing in good faith and without notice of the revocation or variation shall be affected by it The power to delegate contained in this article shall be effective in relation to the powers, authorities and discretions of the board generally and shall not be limited by the fact that in certain articles, but not in others, express reference is made to particular powers, authorities or discretions being exercised by the board or by a committee authorised by the board

#### **86. Provision for Employees**

The board may exercise any power conferred by the Companies Acts to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the company or that subsidiary

## **Proceedings of the Board**

### **87. Board Meetings**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A director at any time may, and the secretary on the requisition of a director at any time shall, summon a board meeting.

### **88 Notice of Board Meetings**

Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the company for this purpose. A director may waive his entitlement to notice of any meeting either prospectively or retrospectively and any retrospective waiver shall not affect the validity of the meeting or of any business conducted at the meeting.

### **89. Quorum**

The quorum necessary for the transaction of the business of the board may be fixed by the board and, unless so fixed at any other number, shall be two. Subject to the provisions of these articles, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting if no other director objects and if otherwise a quorum of directors would not be present.

### **90. Directors below Minimum through Vacancies**

The continuing directors or a sole continuing director may act notwithstanding any vacancy in their number. If the number of directors is reduced below the minimum number fixed by or in accordance with these articles or is below the number fixed by or in accordance with these articles as the quorum or there is only one continuing director, the continuing directors or director may fill vacancies and summon general meetings for the purpose of appointing further directors. If there are no directors or director able or willing to act, then any two members (excluding any member holding shares as treasury shares) may summon a general meeting for the purpose of appointing directors.

### **91. Chairman of Board Meetings**

The chairman of the board shall act as chairman at every meeting of the board. If no chairman of the board is appointed, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chairman of the meeting.

### **92. Competence of Meetings**

A meeting of the board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the board.

**93. Voting**

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

**94. Delegation to Committees**

- (A) The board will appoint the following committees of the board
  - (i) an Audit and Risk Committee,
  - (ii) a Remuneration Committee, and
  - (iii) a Nomination Committee
- (B) The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit, provided that the majority of persons on any committee or sub-committee must be directors. References in these articles to committees include sub-committees permitted under this article.
- (C) Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the board. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these articles for regulating the meetings and proceedings of the board so far as the same are applicable and are not superseded by any regulations imposed by the board.
- (D) The power to delegate contained in this article shall be effective in relation to the powers, authorities and discretions of the board generally and shall not be limited by the fact that in certain articles, but not in others, express reference is made to particular powers, authorities or discretions being exercised by the board or by a committee authorised by the board.

**95. Participation in Meetings**

All or any of the members of the board may participate in a meeting of the board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

**96. Resolution in Writing**

A resolution in writing signed by all the directors who are at the relevant time entitled to receive notice of a meeting of the board and who would be entitled to vote on the resolution at a meeting of the board (if that number is sufficient to constitute a quorum) shall be as valid and effectual as a resolution passed at a meeting of the board properly called and constituted. The

resolution may be contained in one document or in several documents in like form each signed by one or more of the directors concerned

#### **97. Validity of Acts of Board or Committee**

All acts done by the board or by any committee or by any person acting as a director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the board or committee or person so acting or that they or any of them were disqualified from holding office or had vacated office or were not entitled to vote, be as valid as if each such member or person had been properly appointed and was qualified and had continued to be a director or member of the committee and had been entitled to vote

### **Seals**

#### **98. Use of Seals**

The board shall provide for the custody of every seal of the company. A seal shall only be used by the authority of the board or of a committee of the board authorised by the board in that behalf. Subject as otherwise provided in these articles, and to any resolution of the board or committee of the board dispensing with the requirement for any counter-signature on any occasion, any instrument to which the common seal is applied shall be signed by at least one director and the secretary, or by at least two directors or by one director in the presence of a witness who attests the signature or by such other person or persons as the board may approve. Any instrument to which an official seal is applied need not, unless the board otherwise decides or the law otherwise requires, be signed by any person.

### **Dividends and Other Payments**

#### **99 Declaration of Dividends by Company**

The company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the member, but no dividend shall exceed the amount recommended by the board.

#### **100. Payment of Interim and Fixed Dividends by Board**

The board may pay such interim dividends as appear to the board to be justified by the financial position of the company and may also pay any dividend payable at a fixed rate at intervals settled by the board whenever the financial position of the company, in the opinion of the board, justifies its payment. If the board acts in good faith, it shall not incur any liability to the holders of any shares for any loss they may suffer in consequence of the payment of an interim or fixed dividend on any other class of shares ranking *pari passu* with or after those shares.

#### **101. Calculation and Currency of Dividends**

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide

- (i) all dividends shall be declared and paid according to the amounts paid up on the share in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this article as paid up on the share,
- (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the share during any portion or portions of the period in respect of which the dividend is paid, and
- (iii) dividends may be declared or paid in any currency

The board may decide the basis of conversion for any currency conversions that may be required and how any costs involved are to be met

#### **102. Amounts Due on Shares may be Deducted from Dividends**

The board may deduct from any dividend or other moneys payable to a member by the company on or in respect of any shares all sums of money (if any) presently payable by him to the company on account of calls or otherwise in respect of shares of the company Sums so deducted can be used to pay amounts owing to the company in respect of the shares

#### **103. No Interest on Dividends**

Subject to the rights attaching to, or the terms of issue of, any shares, no dividend or other moneys payable by the company on or in respect of any share shall bear interest against the company

#### **104. Payment Procedure**

Any dividend or other sum payable in cash by the company in respect of a share may be paid by cheque, warrant or similar financial instrument sent by post addressed to the holder at his registered address Every cheque, warrant or similar financial instrument shall be made payable to the holder and shall be sent at his or their risk and payment of the cheque, warrant or similar financial instrument by the financial institution on which it is drawn shall constitute a good discharge to the company In addition, any such dividend or other sum may be paid by any bank or other funds transfer system or such other means and to or through such person as the holder may in writing direct and the company may agree, and the making of such payment shall be a good discharge to the company and the company shall have no responsibility for any sums lost or delayed in the course of payment by any such system or other means or where it has acted on any such directions and accordingly, payment by any such system or other means shall constitute a good discharge to the company

#### **105. Forfeiture of Unclaimed Dividends**

All dividends or other sums payable on or in respect of any shares which remain unclaimed may be invested or otherwise made use of by the board for the benefit of the company until claimed Any dividend or other sum unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the company unless the board decides otherwise and the payment by the board of any unclaimed dividend or other sum payable on or in respect of a share into a separate account shall not constitute the company a trustee in respect of it



**106. Dividends Not in Cash**

Any general meeting declaring a dividend may, upon the recommendation of the board, by ordinary resolution direct, and the board may in relation to any interim dividend direct, that it shall be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, and where any difficulty arises in regard to the distribution the board may settle it as it thinks expedient, and in particular may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution purposes of any assets or any part thereof to be distributed and may determine that cash shall be paid to any members upon the footing of the value so fixed in order to secure equality of distribution and may vest any assets to be distributed in trustees as may seem expedient to the board

**107 Scrip Dividends**

The board may, if authorised by an ordinary resolution of the company, offer the holder of the ordinary shares the right to elect to receive ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the board) of any dividend specified by the ordinary resolution. The following provisions shall apply -

- (i) an ordinary resolution may specify some or all of a particular dividend (whether or not already declared) or may specify some or all of any dividends declared or paid within a specified period, but such period may not end later than the fifth anniversary of the date of the meeting at which the ordinary resolution is passed,
- (ii) the entitlement of the holder to new ordinary shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder elects to forgo. A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount and in giving such a certificate or report the auditors may rely on advice or information from brokers or other sources of information as they think fit,
- (iii) no fraction of any ordinary share shall be allotted. The board may make such provisions as it thinks fit for any fractional entitlements (other than selling such entitlements) including provisions whereby, in whole or in part, the benefit thereof accrues to the company and/or under which fractional entitlements are accrued and/or retained without interest and in each case accumulated on behalf of any holder of ordinary shares and such accruals or retentions are applied to the allotment by way of bonus to or cash subscription on behalf of such holder of fully paid ordinary shares and/or provisions whereby cash payments may be made to such holders in respect of their fractional entitlements,
- (iv) the board, if it intends to offer an election in respect of any dividend, shall give notice to the holders of the ordinary shares of the right of election offered to it, and specify the procedure to be followed and the place at which, and the latest time by which, elections must be lodged in order for elections to be effective, no such notice need be given to the holder if it has previously given election mandates in accordance with this article and that mandate has not been revoked,

- (v) the board shall not proceed with any election unless the company has sufficient reserves or funds that may be capitalised, and the board has authority to allot sufficient shares, to give effect to it after the basis of allotment is determined,
- (vi) the dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on ordinary shares in respect of which an election has been made (for the purposes of this article "the elected ordinary shares") and instead additional ordinary shares shall be allotted to the holder of the elected ordinary shares on the basis of allotment calculated as stated. For such purpose, the board shall capitalise, out of any amount standing to the credit of any reserve or fund (including retained earnings) at the relevant time whether or not the same is available for distribution as the board may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted on that basis and apply it in paying up in full the appropriate number of ordinary shares for allotment and distribution to the holders of the elected ordinary shares on that basis. The board may do all acts and things considered necessary or expedient to give effect to any such capitalisation,
- (vii) the additional ordinary shares when allotted shall rank pari passu in all respects with the fully-paid ordinary shares then in issue except that they will not be entitled to participation in the relevant dividend,
- (viii) the board may also from time to time establish or vary a procedure for election mandates, under which a holder of ordinary shares may elect in respect of future rights of election offered to that holder under this article until the election mandate is revoked or deemed to be revoked in accordance with the procedure,
- (ix) the board may decide how any costs relating to making new shares available in place of a cash dividend will be met, including deciding to deduct an amount from the entitlement of the shareholder under this article, and
- (x) at any time before new ordinary shares are allotted instead of cash in respect of any part of a dividend, the board may determine that such new ordinary shares will not be allotted. Any such determination may be made before or after any election has been made by holders of ordinary shares in respect of the relevant dividend.

### **Capitalisation of Reserves**

#### **108 Power to Capitalise Reserves and Funds**

The company may, upon the recommendation of the board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount standing to the credit of any reserve or fund (including retained earnings) at the relevant time whether or not the same is available for distribution and accordingly that the amount to be capitalised be set free for distribution to the member or any class of member who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that it is applied either in or towards paying up the amounts unpaid at the relevant time on any shares in the company held by such member or in paying up in full shares, debentures or other obligations of the company to be allotted and distributed credited as fully paid up to the member, or partly in one way and partly in the other, but so that, for the purposes of this article (i) a share premium account and a capital redemption reserve, and any reserve or fund representing

unrealised profits, may be applied only in paying up in full shares of the company that are to be allotted and distributed as fully paid up, and (ii) where the amount capitalised is applied in paying up in full shares that are to be allotted and distributed as fully paid up, the company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of members to the distribution will be calculated accordingly. The board may authorise any person to enter into an agreement with the company on behalf of the persons entitled to participate in the distribution and the agreement shall be binding on those persons.

### **Record Dates**

#### **109 Power to Choose Any Record Date**

Notwithstanding any other provision of these articles, the company or the board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made. The power to fix any such record date shall include the power to fix a time on the chosen date.

### **Records and Summary Financial Statements**

#### **110 Inspection of Records**

The member shall not have any right of inspecting any accounting record or book or document of the company except as conferred by law, ordered by a court of competent jurisdiction or authorised by the board or by ordinary resolution of the company.

#### **111. Summary Financial Statements**

The company shall not send or supply summary financial statements to members of the company instead of copies of its full accounts and reports.

### **Service of Notices, Documents and Other Information**

#### **112. Method of Service**

- (A) Any notice, document (including a share certificate) or other information may be served on or sent or supplied to the member by the company
  - (i) personally,
  - (ii) by sending it through the post addressed to the member at his registered address or by leaving it at that address addressed to the member,
  - (iii) where appropriate, by sending or supplying it in electronic form to an address notified by the member to the company for that purpose,
  - (iv) where appropriate, by making it available on a website and notifying the member of its availability in accordance with this article, or

(v) by any other means authorised in writing by the member

- (B) The company may at any time and in its sole discretion choose (a) to serve, send or supply notices, documents or other information in hard copy form alone to the member and (b) not to serve, send or supply a notice, document or other information to the member where it considers this necessary or appropriate to deal with legal, regulatory or practical problems in, or under the laws of, any territory

#### **113. Record Date for Service**

Any notice, document or other information may be served, sent or supplied by the company by reference to the register as it stands at any time not more than 15 days before the date of service, sending or supply. No change in the register after that time shall invalidate that service, sending or supply. Where any notice, document or other information is served on or sent or supplied to any person in respect of a share in accordance with these articles, no person deriving any title or interest in that share shall be entitled to any further service, sending or supply of that notice, document or other information.

#### **114. Deemed Delivery**

- (A) Any notice, document or other information, if served, sent or supplied by the company by post, shall be deemed to have been received on the day following that on which it was posted if first class post was used or 48 hours after it was posted if first class post was not used and, in proving that a notice, document or other information was served, sent or supplied, it shall be sufficient to prove that the notice, document or other information was properly addressed, prepaid and put in the post.
- (B) Any notice, document or other information not served, sent or supplied by post but left by the company at a registered address or at an address (other than an address for the purposes of communications by electronic means) notified to the company in accordance with these articles by a person who is entitled by transmission to a share shall be deemed to have been received on the day it was so left.
- (C) Any notice, document or other information served, sent or supplied by the company using electronic means shall be deemed to have been received on the day on which it was sent notwithstanding that the company subsequently sends a hard copy of such notice, document or information by post. Any notice, document or other information made available on a website shall be deemed to have been received on the day on which the notice, document or other information was first made available on the website or, if later, when a notice of availability is received or deemed to have been received pursuant to this article. In proving that a notice, document or other information served, sent or supplied by electronic means was served, sent or supplied, it shall be sufficient to prove that it was properly addressed.
- (D) Any notice, document or other information served, sent or supplied by the company by any other means authorised in writing by the member concerned

shall be deemed to have been received when the company has carried out the action it has been authorised to take for that purpose

#### **115. Notice When Post Not Available**

If there is a suspension or curtailment of postal services within the United Kingdom or some part of the United Kingdom, the company shall deliver a notice by electronic means or in person, provided the member has provided the Company with an address for this purpose

### **Destruction of Documents**

#### **116 Presumptions Where Documents Destroyed**

If the company destroys or deletes -

- (i) any share certificate which has been cancelled at any time after a period of one year has elapsed from the date of cancellation, or
- (ii) any instruction concerning the payment of dividends or other moneys in respect of any share or any notification of change of name or address at any time after a period of two years has elapsed from the date the instruction or notification was recorded by the company, or
- (iii) any instrument of transfer of shares for the transfer of shares which has been registered by the company at any time after a period of six years has elapsed from the date of registration, or
- (iv) any instrument of proxy which has been used for the purpose of a poll at any time after a period of one year has elapsed from the date of use, or
- (v) any instrument of proxy which has not been used for the purpose of a poll at any time after a period of one month has elapsed from the end of the meeting to which the instrument of proxy relates, or
- (vi) any other document on the basis of which any entry is made in the register at any time after a period of six years has elapsed from the date the entry was first made in the register in respect of it

and the company destroys or deletes the document or instruction in good faith and without express notice that its preservation was relevant to a claim, it shall be presumed irrebuttably in favour of the company that every share certificate so destroyed was a valid certificate and was properly cancelled, that every instrument of transfer so destroyed or deleted was a valid and effective instrument of transfer or instruction and was properly registered and that every other document so destroyed was a valid and effective document and that any particulars of it which are recorded in the books or records of the company were correctly recorded. Nothing contained in this article shall be construed as imposing upon the company any liability which, but for this article, would not exist or by reason only of the destruction of any document of the kind mentioned above before the relevant period mentioned in this article has elapsed or of the fact that any other condition precedent to its destruction mentioned above has not been fulfilled

References in this article to the destruction of any document include references to its disposal in any manner

### Indemnity

#### 117. Indemnity of Directors

To the extent permitted by the Companies Acts, the company may indemnify any director or former director of the company against any liability and may purchase and maintain for any director or former director of the company insurance against any liability. No director or former director of the company shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company

#### 118. Articles subject to relevant law

- (A) Nothing contained in Articles 60 or 61 shall have effect so as to require the company or any of the directors to (i) take any action, (ii) omit to take any action, or (iii) procure that any subsidiary of the company takes or omits to take any action which action or omission would, in the reasonable opinion of the board of the company or of such subsidiary, give rise to criminal or civil liability on the part of the company, such subsidiary or any of the directors of the company or such subsidiary, or any liability on any of the aforesaid for breach of any statutory or common law duty or requirement (for the purposes of this Article 118, a "**relevant breach**")
- (B) If a relevant breach is capable of ratification by the shareholders of the company or subsidiary concerned, and such ratification would have the effect of removing or avoiding the consequences of the relevant breach (insofar as such consequences affect or would affect the company or subsidiary or any of their respective directors), then subject to the shareholders concerned providing a written undertaking to the company or subsidiary, as the case may be, that the requisite ratification will be provided, the action or omission which would (but for ratification), have given rise to the relevant breach shall be effected or, as the case may be, procured by the company as though this Article 118 did not apply in relation thereto
- (C) For the purposes of this Article 118, the "**reasonable opinion of the board**" in relation to a matter shall mean the reasonable opinion of the board of directors of the company or subsidiary concerned, having (i) as soon as is reasonably practicable taken and having had due regard to appropriate legal and/or financial advice, (ii) following the receipt of such advice, having promptly provided the same to the member and consulted with the member in relation to the said advice, and to the formation of the board's opinion on the relevant matter, and having had due regard to the views (if any) of the member notified to it in relation thereto, and (iii) where the member gives notice under Article 118(D), having had due regard to the independent advice consequently received and having consulted the member in relation thereto

- (D) If in any case where the company or the directors seek to rely upon Article 118(A) in respect of any matter, the member has within 7 days of receipt of legal and/or financial advice pursuant to Article 118(C) notified the company that it requires independent advice to be taken in relation to the relevant matter(s) from an independent legal and/or financial adviser approved by the member, such advice to be addressed to the company, its directors and the member, the company shall (i) obtain such advice, and (ii) subject to (Article 118(A)) not take any decision or action in relation to the relevant matter until such advice shall have been obtained and the board shall have consulted the member in relation thereto
- (E) In respect of any subsidiary of the company having a provision equivalent or substantially equivalent to this Article 118 in its articles of association, the member shall be entitled to require the company (i) to serve upon such subsidiary any notice in connection with the said provision (ii) to procure that such subsidiary (a) serves any notice in connection with the said provision (or in connection with a provision equivalent or substantially equivalent thereto in the articles of association of a subsidiary of its own) (b) is directed to allow the member the right to receive any advice obtained pursuant to the said provision, and (c) is directed to allow the member the right to be an additional party in any consultation or to any approval required pursuant to the said provision

## CONTENTS

	<u>Page</u>
1 Exclusion of Model Articles	1
2 Definitions	1
3 The Green Objective	2
4 Limited Liability	3
5 Rights Attached to Shares	3
6 Redeemable Shares	3
7 Variation of Rights	3
8 Pari Passu Issues	4
9 Payment of Commission	4
10 Trusts Not Recognised	4
11 Right to Share Certificates	4
12 Replacement of Share Certificates	4
13 Execution of Share Certificates	5
14 Share Certificates Sent at Holder's Risk	5
15 Company's Lien on Shares Not Fully Paid	5
16 Enforcing Lien by Sale	5
17 Application of Proceeds of Sale	5
18 Calls	6
19 Timing of Calls	6
20 Interest Due on Non-Payment	6
21 Sums Due on Allotment Treated as Calls	6
22 Payment of Calls in Advance	6



23	Notice if Call or Instalment Not Paid	7
24	Form of Notice	7
25	Forfeiture for Non-Compliance with Notice	7
26	Notice after Forfeiture	7
27	Sale of Forfeited Shares	7
28	Arrears to be Paid Notwithstanding Forfeiture	7
29	Statutory Declaration as to Forfeiture	8
30	Transfer	8
31	Signing of Transfer	8
32	Rights to Decline Registration of Partly Paid Shares	8
33	Other Rights to Decline Registration	8
34	No Fee for Registration	9
35	Sub-division	9
36	Omission or Non-Receipt of Notice	9
37	Postponement of General Meetings	9
38	Quorum	10
39	Procedure if Quorum Not Present	10
40	Chairman of General Meeting	10
41	Orderly Conduct	10
42	Entitlement to Attend and Speak	10
43	Adjournments	11
44	Notice of Adjournment	11
45	Amendments to Resolutions	11
46	Amendments Ruled Out of Order	11
47	Votes of Members	11

48	Method of Voting	12
49	Procedure if Poll Demanded	12
50	When Poll to be Taken	12
51	Continuance of Other Business after Poll Demand	12
52	No Right to Vote where Sums Overdue on Shares	12
53	Objections or Errors in Voting	13
54	Appointment of Proxies	13
55	Receipt of Proxies	13
56	Maximum Validity of Proxy	14
57	Form of Proxy	14
58	Cancellation of Proxy's Authority	15
59	Separate General Meetings	15
	Matters Requiring the Member's Consent	15
60	Approval of the appointment or removal of directors and their terms of employment or engagement and remuneration	15
61	Approval Procedure	15
62	Number of Directors	17
63	Directors' Shareholding Qualification	17
64	Power of Member to Appoint the Chairman, Senior Independent Director and a Representative Director	17
	The member may appoint	17
65	Power of Board to Appoint Directors	17
66	Retirement of Directors by Rotation	18
67	Filling Vacancies	18
68	Power of Removal by Special Resolution	18
69	Persons Eligible as Directors	18

70	Position of Retiring Directors	18
71	Vacation of Office by Directors	18
72	Alternate Directors	19
73	Executive Directors	20
74	Directors' Fees	21
75	Additional Remuneration	21
76	Expenses	21
77	Pensions and Gratuities for Directors	21
78	Conflicts of Interest Requiring Board Authorisation	22
79	Other Conflicts of Interest	23
80	Benefits	23
81	Quorum and Voting Requirements	24
82	General	26
83	General Powers of Company Vested in Board	26
84	Agents	26
85	Delegation to Individual Directors	27
86	Provision for Employees	27
87	Board Meetings	28
88	Notice of Board Meetings	28
89	Quorum	28
90	Directors below Minimum through Vacancies	28
91	Chairman of Board Meetings	28
92	Competence of Meetings	28
93	Voting	29
94	Delegation to Committees	29

95	Participation in Meetings	29
96	Resolution in Writing	29
97	Validity of Acts of Board or Committee	30
98	Use of Seals	30
99	Declaration of Dividends by Company	30
100	Payment of Interim and Fixed Dividends by Board	30
101	Calculation and Currency of Dividends	30
102	Amounts Due on Shares may be Deducted from Dividends	31
103	No Interest on Dividends	31
104	Payment Procedure	31
105	Forfeiture of Unclaimed Dividends	31
106	Dividends Not in Cash	32
107	Scrip Dividends	32
108	Power to Capitalise Reserves and Funds	33
109	Power to Choose Any Record Date	34
110	Inspection of Records	34
111	Summary Financial Statements	34
112	Method of Service	34
113	Record Date for Service	35
114	Deemed Delivery	35
115	Notice When Post Not Available	36
116	Presumptions Where Documents Destroyed	36
117	Indemnity of Directors	37
118	Articles subject to relevant law	37

# UK GREEN INVESTMENT BANK PLC SHAREHOLDER RELATIONSHIP FRAMEWORK DOCUMENT

## 1. INTRODUCTION

This framework document (the "**Framework Document**") has been drawn up by the UK Green Investment Bank plc ("**GIB**") and its sole shareholder, the Department for Business, Innovation and Skills (the "**Shareholder**") It describes

- (A) certain parameters within which GIB is expected to operate,
- (B) certain obligations with which GIB is expected to comply, and
- (C) certain aspects of the relationship between the Shareholder and GIB and the manner in which it is expected that the Shareholder (in its capacity as GIB's sole shareholder) and GIB will interact with each other, including an undertaking from the Shareholder to ensure the operational independence of GIB (Annex 1)

## 2. GREEN IMPACT

2.1 GIB's objects are specified in its articles of association (the "**Articles**") For the purposes of this Framework Document, the impact of the activities GIB undertakes in compliance with these objects is referred to as the "**Green Impact**"

2.2 In connection with GIB's delivery of the Green Impact

- (A) the Operating Principles, as described in Section 3 (Operating Principles) and defined in paragraph 3.2, are to apply to the conduct of GIB's activities,
- (B) GIB is to operate within, and conduct its activities in accordance with, a Strategic Framework as described in Section 4 (Strategic Framework) and defined in paragraph 4.2, and
- (C) GIB is to conduct its activities in accordance with the Financial Principles, as described and defined in paragraph 5.1 and 5.2

## 3. OPERATING PRINCIPLES

3.1 GIB shall

- (A) *Sound finances* seek to

- (i) deploy its capital and expertise as a responsible investor, and
- (ii) manage risk to deliver positive financial portfolio returns,

in each case in a manner which will preserve and build GIB's capital base as an institution which is intended to have an enduring Green Impact,

- (B) *Additionality* seek to operate alongside other market participants so as to introduce and mobilise additional investment that contributes to the Green Impact, where GIB considers it appropriate to do so,
- (C) *Strategic alignment with HM Government* seek to align its activities with HM Government's green policy objectives, by avoiding duplication, and
- (D) *Overcoming Market Failures*
  - (i) seek to overcome market failures and improve market effectiveness, whilst minimising adverse impacts on competition and trading conditions, and
  - (ii) operate consistently with the terms of any EU State Aid approvals applicable to GIB from time to time (the "**State Aid Requirements**")

3 2 The principles described in paragraph 3 1 (as amended, updated or replaced from time to time) are referred to in the remainder of this Framework Document as the "**Operating Principles**"

#### 4. STRATEGIC FRAMEWORK AND PRIORITY SECTORS

4 1 The Shareholder and the board of directors of GIB (the "**Board**") have, in consultation with each other, agreed that

- (A) GIB is to conduct its activities in a manner which the Board considers will or are likely to deliver the Green Impact primarily in the United Kingdom,
- (B) each investment of GIB must be made in accordance with responsible investment criteria the Board shall set from time to time in line with best practice and which are to cover areas such as the environmental and social (including safety) and governance standards of investments (such criteria, as amended, updated or replaced from time to time, the "**GIB Investment Criteria**"),
- (C) GIB will, in determining whether and how to pursue specific activities or types of activity, give consideration to the quantifiable and unquantifiable benefits aligned to achieving the Green Impact,
- (D) for the period to and including 31 March 2015, in conducting its investment activities, GIB shall prioritise investments in the following sectors
  - (i) offshore wind power generation,
  - (ii) commercial and industrial waste processing and recycling,
  - (iii) energy from waste generation, including gasification, pyrolysis and anaerobic digestion for the production of heat and/or power,
  - (iv) non-domestic energy efficiency, including onsite renewable energy generation and heat, and

- (v) (subject to confirmation by the Shareholder and, if required, EU State Aid approval) sectors which support the "Green Deal" policy, which encourages the deployment of energy efficiency schemes in households across the UK

(together (i) to (v) being the "**Priority Sectors**"),

- (E) by the end of the period ending 31 March 2015, GIB should seek to have 80% (or more) of funds committed by it allocated to the Priority Sectors (with any other funds committed to other sectors the Board considers will or are likely to deliver the Green Impact), and

- (F) any individual investment or financial commitment by GIB in excess of £300 million shall require the prior written consent of the Shareholder

- 4 2 The strategic framework and priorities described in paragraph 4 1 (as amended, updated or replaced from time to time) are referred to in the remainder of this Framework Document as the "**Strategic Framework**"

## 5. FINANCIAL PRINCIPLES AND PROCUREMENT

### *Rate of return*

- 5 1 GIB should plan to deliver a minimum 3.5% annual nominal return on total investments, after operating costs (excluding set up costs separately funded to GIB) but before tax

### *No borrowing*

- 5 2 GIB shall not incur borrowings (or any analogous obligations) without HM Treasury consent but may incur liabilities in connection with normal business activities, including in respect of guarantees, indemnities or other security granted or insurance provided by GIB
- 5 3 The principles described in paragraphs 5 1 and 5 2 (as amended, updated or replaced from time to time) are referred to in the remainder of this Framework Document as the "**Financial Principles**"

### *Procurement*

- 5 4 Procurement of works, goods and services shall be based on securing the best value for money and in compliance with applicable procurement law

## 6. THE SHAREHOLDER RELATIONSHIP

### *Corporate governance*

- 6 1 From the commencement of investment activities, GIB shall operate a corporate governance framework which, so far as practicable and in the light of the other provisions of this Framework Document or as otherwise may be agreed with the Shareholder, accords with best practice corporate governance. In particular (but without limitation), GIB shall comply with the provisions of the United Kingdom's Corporate Governance Code (the "**Corporate Governance Code**") as it applies to small quoted

companies (other than in respect of Section E (Relations with Shareholders)) or specify and explain any non-compliance in its annual report

***Board appointments; senior management***

- 6.2 The composition of the Board is a critical factor for the Shareholder. The aim is to secure an environment in which the Shareholder and the Chairman of GIB (the "**GIB Chairman**") (or, if different, the Chair of the Nomination Committee) share a common view about the composition of the Board (including the balance of experience and background) and succession. To this end, the following shall apply from the commencement of investment activities
- (A) the Board is to consist of no fewer than eight directors,
  - (B) the Chairman and independent, non-executive directors (meaning non-executive directors having the character of independence specified in the Corporate Governance Code) are to constitute a majority of the Board,
  - (C) the Shareholder shall appoint the GIB's Chairman and Senior Independent Director and one senior HM Government official as its representative director (the "**Shareholder Representative Director**") and, subject to the prior written consent of the Shareholder in accordance with the Articles, the Board shall appoint the other directors according to the recommendations of the Nominations Committee,
  - (D) the Shareholder shall consult with the Chairman (or, if different, the Chair of the Nomination Committee) about the identity of each proposed Shareholder Representative Director and the Senior Independent Director before nominating him or her for appointment,
  - (E) the Chairman (or, if different, the Chair of the Nomination Committee) and the Shareholder shall discuss the proposals for appointment and succession made by the Nominations Committee, and
  - (F) the Board shall ensure that suitably rigorous appraisals are made of the effectiveness of the Chairman and the members of the Board

***Remuneration and incentives***

- 6.3 The Shareholder expects remuneration arrangements for directors and senior management (including any incentive package) and, as far as possible for a wholly-owned company, the design of performance-related remuneration, to be recommended to the Board by the Remuneration Committee and approved by the Board in line with the guidance of the Corporate Governance Code
- 6.4 The approval of or agreement to (or material variation or amendment of) the remuneration, the terms and conditions on which such remuneration is to be paid or granted or the terms of employment or engagement of any director or the remuneration of any executive officer that is higher than the remuneration of the highest paid director shall require the prior written consent of the Shareholder in accordance with the Articles
- 6.5 The Shareholder's interest is primarily in ensuring that remuneration levels



- (A) are sufficient to attract and motivate high calibre individuals to drive the delivery of the activities and objectives described in this Framework Document,
- (B) are structured to link a significant proportion of executive directors' remuneration to performance, as measured by the Green Impact made in line with the Operating Principles and the Strategic Framework,
- (C) are aligned with the objectives set out in this Framework Document,
- (D) deliver value for money, and
- (E) take account of remuneration levels within comparable public sector institutions

### ***Monitoring GIB's performance***

- 6 6 The Shareholder shall regularly monitor GIB's performance against the objectives described in this Framework Document, by the following means
- (A) Quarterly shareholder meetings between the Chairman and representatives of the Shareholder shall be held to provide a forum to review GIB's activities and performance against the objectives described in this Framework Document
  - (B) GIB will provide reports to the Shareholder containing such information as GIB, in consultation with the Shareholder, deems sufficient to enable the Shareholder to monitor the delivery of the Green Impact in accordance with the requirements of this Framework Document
  - (C) In addition to the regular shareholder meetings, GIB's directors shall meet representatives of the Shareholder to discuss the affairs of GIB at the Shareholder's request
- 6 7 The Shareholder may on giving reasonable notice to GIB have such access as is reasonably requested to the books and records and the management of GIB

### ***Accounting requirements***

- 6 8 In producing its accounts in accordance with statutory requirements, GIB shall apply IFRS financial reporting regulations
- 6 9 GIB will provide the Shareholder with such information as is necessary for the Shareholder to produce its own accounts in respect of GIB

## **7 CONFIDENTIALITY**

- 7 1 The Shareholder Representative Director shall be authorised to pass to the Shareholder information received in his or her capacity as director of GIB
- 7 2 Where the Shareholder Representative Director receives information other than in his or her capacity as a director of GIB, and where that information is subject to a duty of confidentiality, he or she shall not be obliged to disclose that information to GIB

## **8. REVISION OF FRAMEWORK DOCUMENT**

- 8 1 Subject to paragraph 8 4 below, any amendment, update or replacement of any provision of this Framework Document
- (A) shall be effected by the Shareholder giving notice in writing to GIB, and
  - (B) must be consistent with (i) the Articles (with regard to the delivery by GIB of the Green Impact), (ii) any State Aid Requirements, and (iii) in respect of any proposed amendment, update or replacement to the Strategic Framework or the Financial Principles, the Operating Principles
- 8 2 By 31 March 2015 and regularly thereafter, the Shareholder will review and, subject to paragraph 8 4 below, may amend, update or replace the Priority Sectors or the Financial Principles in respect of periods following 31 March 2015 as it deems appropriate
- 8 3 The Board may submit proposals to the Shareholder to amend, update or replace any element of the Strategic Framework, in particular (but without limitation)
- (A) in circumstances in which the Board considers the proposed amendment, update or replacement will materially improve GIB's ability to deliver the Green Impact or contribute to its Green Impact, or
  - (B) as a result of the Board concluding it will not be possible or practicable to comply with any element of the Strategic Framework
- 8 4 If the Shareholder proposes to amend, update or replace any element of the Strategic Framework, it shall consult, and seek to reach agreement with, the Board before effecting the relevant amendment, update or replacement

## **9 PUBLICATION**

GIB shall publish any amendments to this Framework Document (including, in particular, but without limitation, any update, amendment or replacement of the Operating Principles or the Strategic Framework) on its website

## **10. LOCATION OF HEADQUARTERS**

- 10 1 The registered office and headquarters of GIB shall be established in Edinburgh
- 10 2 The Board shall obtain the prior approval of the Shareholder before any change to the location of GIB's headquarters

## **11. STATUS OF FRAMEWORK DOCUMENT**

- 11 1 This Framework Document should be interpreted in the light of the Articles and English company law and is without prejudice to the statutory and other rights and obligations of the Shareholder or GIB
- 11 2 The Operating Principles, Strategic Framework, Financial Principles, and paragraph 6 1, paragraph 6 6(B) and paragraph 10 of this Framework Document are intended to be part of GIB's constitution for the purposes of the Companies Act 2006

## ANNEX 1 (OPERATIONAL INDEPENDENCE UNDERTAKING)

- 1 Unless otherwise defined below, capitalised terms used in this Annex shall have the meaning given to such terms in the Framework Document drawn up by GIB and its shareholder (the "**Framework Document**")

### Undertakings

- 2 In its capacity as the sole shareholder of GIB, the Shareholder is committed to giving the Board freedom to operate GIB so as to maximise the Green Impact. Subject to the exceptions below, the Shareholder shall not
- (A) interfere in day-to-day operational or commercial matters or decision-making by GIB (including, without limitation, those which pertain to its investment activities),
  - (B) give any instruction to GIB
    - (i) to implement, or prevent GIB from implementing, any specific investment(s) or category of investment(s), or
    - (ii) with respect to the scope or content of GIB's Investment Criteria or investment strategy, or
  - (C) exercise its rights as shareholder in a manner which is inconsistent with this paragraph 2, or paragraph 6 2(B) or paragraph 6 2(C) of the Framework Document
- (together, (A), (B) and (C) being the "**Independence Principles**")

### Exceptions

- 3 The Independence Principles shall only apply if and to the extent that the activities of GIB are
- (A) consistent with the Articles (including with respect to the delivery by GIB of the Green Impact), the Operating Principles, the Strategic Framework, the Financial Principles, and paragraph 6 1, paragraph 6 6(B) and paragraph 10 of the Framework Document, and
  - (B) compliant with the State Aid Requirements and the other specific requirements imposed upon GIB pursuant to the Framework Document
- 4 Notwithstanding the Independence Principles, in addition to any matters which are expressly stated to be subject to the prior approval of the Shareholder in the Framework Document, any conduct which is inconsistent with the Articles (including with respect to the delivery by GIB of the Green Impact), the Operating Principles, the Strategic Framework, the Financial Principles or paragraph 6 1, paragraph 6 6(B) or paragraph 10 of the Framework Document shall require the prior approval of the Shareholder