

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**

**HYDRO INDUSTRIES LIMITED (the Company)**

(Adopted by special resolution passed on 2 October 2020)

**INTRODUCTION**

**1. INTERPRETATION.**

1.1 In these Articles, the following words have the following meanings:

<b>A Director</b>	any director appointed to the Company by holders of the A Shares;
<b>A Shares</b>	the ordinary A shares of £0.01 each in the capital of the Company;
<b>Act</b>	the Companies Act 2006;
<b>Acting In Concert</b>	has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers;
<b>Appointor</b>	has the meaning given in article 11.1;
<b>Articles</b>	the Company's articles of association for the time being in force;
<b>Asset Sale</b>	means the disposal by the Company or any Group Company of all, or a substantial part of, the business and assets of the Group to a person other than a Group Company;
<b>Auditors</b>	means the auditors of the Company (for the purposes



of compliance with the Act) from time to time and in the event that the Company should not be subject to audit, the external accountants of the Company, or where the statutory auditor or external accountants are unable to act in the matter, a suitable professional valuer to be appointed by referring the matter to the President for the time being of the Institute of Chartered Accountants in England and Wales;

<b>B Director</b>	any director appointed to the Company by the holders of a majority of the B Shares and the Preference Shares collectively;
<b>B Shares</b>	the ordinary B shares of £0.01 each in the capital of the Company;
<b>Bad Leaver</b>	an Employee Shareholder who becomes a Departing Employee in circumstances where he is neither a Good Leaver nor a Very Bad Leaver;
<b>Board</b>	the board of directors of the Company from time to time or a committee of directors appointed by that board to carry out any of its functions;
<b>Business Day</b>	a day other than a Saturday, Sunday or public holiday in England when banks in the City of London are open for business;
<b>Buyer</b>	has the meaning given in article 17.1;
<b>Called Shareholder</b>	has the meaning given in article 20.1;
<b>Called Shares</b>	has the meaning given in article 20.1;
<b>Capital Raising</b>	means the issue of shares (in one transaction or a series of related transactions) which:  (a) will result in the subscriber for those shares and persons Acting in Concert with the subscriber acquiring Control of the Company; and

(b) which the Board in its discretion decides should be treated as an Exit,

except where the subscriber is a company and the shareholders of that company and the proportion of shares in that company held by each of them following the allotment of the shares are substantially the same as the shareholders and their shareholdings in the Company immediately before the allotment;

<b>C Shares</b>	the ordinary C shares of £0.01 each in the capital of the Company;
<b>Conflict</b>	has the meaning given to it in article 8.1;
<b>Control</b>	has the meaning given in section 719 of the Income Tax (Earnings and Pensions) Act 2003;
<b>Departing Employee</b>	an Employee Shareholder who ceases to be an employee and/or director of the Company or any of its subsidiaries;
<b>Drag Along Notice</b>	has the meaning given in article 20.2;
<b>Drag Along Option</b>	has the meaning given in article 20.1;
<b>Eligible Director</b>	any Director who would be entitled to vote on the matter at a meeting of directors (but excluding any Shareholder Director whose vote is not to be counted in respect of the particular matter);
<b>Employee Shareholder</b>	the holders of C Shares;
<b>Equity Shares</b>	the A Shares, the B Shares and the Preference Shares;
<b>Equity Shareholders</b>	the holders of Equity Shares;
<b>Exit</b>	means any of the following:  (a) a Share Sale;

- (b) an Asset Sale;
- (c) a Listing; or
- (d) a Capital Raising;

**Family Member**

the wife or husband (or widow or widower), civil partner or surviving civil partner, child or grandchild (including any step or adopted child or grandchild) of a shareholder;

**Family Trust**

in relation to a shareholder, a trust which does not permit any of the settled property or the income from it to be applied otherwise than for the benefit of that member or any of his Family Members and under which no power of control over the voting powers conferred by any shares which are the subject of the trust is capable of being exercised by, or being subject to the consent of, any person other than the trustees or such member or any of his Family Members;

**Good Leaver**

- (a) a Departing Employee who is designated as a Good Leaver by the Board within 60 days of the Termination Date; or
- (b) an Employee Shareholder who becomes a Departing Employee by reason of:
  - (i) death;
  - (ii) retirement in accordance with the terms of their contract of employment;
  - (iii) permanent disability or permanent incapacity through ill-health where the Board is satisfied that the condition is such that it prevents the individual from carrying on their role or a comparable alternative role and which is not caused by alcohol or drug abuse;

(iv) redundancy (as defined in the Employment Rights Act 1996); or

(v) their contract of employment being terminated other than in circumstances in which the employer is entitled to dismiss them for cause;

**Group** the Company and its 51% subsidiaries (and references to **Group Company** shall be construed accordingly);

**holding company** has the meaning given in article 1.5;

**Interested Director** has the meaning given in article 8.1;

**Listing** means the successful application and admission of all or any of the shares in the capital of the Company, or securities representing such shares to the Official List of the UK Listing Authority or the AIM market operated by the London Stock Exchange Plc or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

**Market Value** means the market value of a Sale Share as determined by the Board and agreed by the Obligated Seller or, failing agreement within fifteen Business Days of Notice of the Obligatory Transfer Event, such price as the Auditors determine pursuant to article 18;

**Model Articles** the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles and reference to a numbered "Model Article" is a reference to that article of the Model Articles;

**Notice of Obligatory Transfer Event** has the meaning given in article 17.1;

**Obligated Seller** has the meaning given in article 17.1;

**Obligatory Transfer Event**

means:

- (a) a bankruptcy order being made against a shareholder, or an arrangement or composition being made with his creditors, or where he otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors (a **Bankruptcy Event**); or
- (b) an Employee Shareholder ceasing to be an employee of the Company or any subsidiary of the Company (a **Compulsory Employee Transfer Event**);

**Permitted Transfer**

a transfer of shares made in accordance with article 16;

**Preference Shares**

the preference shares of £0.01 each in the capital of the Company;

**Proposed Transfer**

has the meaning given in article 19.1;

**Reserved Amount**

means the sum of £65,000,000. On an Exit, the Reserved Amount shall be calculated as follows:

- (a) in the case of a Share Sale by reference to the total value attributed to the Company by the sale including an estimate of the value of any deferred or contingent consideration including earn-out (as determined by the Board based on their best assessment of the situation at the time) and in the event of a sale of less than entire issued share capital of the Company, the Reserved Amount shall be proportionately reduced by reference to the number of shares which are subject to the Share Sale;
- (b) in the case of an Asset Sale, the value to be distributed to the Company's shareholders after

payment of all liabilities; and

- (c) in the case of a Listing, the value attributed to the Company by the Board for the purposes of the Listing;

<b>Sale Shares</b>	has the meaning given in article 17.2;
<b>Selling Shareholder</b>	has the meaning given in article 19.1;
<b>Shareholder Directors</b>	the A Directors and B Directors;
<b>Share Option Scheme</b>	any employees' share scheme established by the Company for the benefit of its employees or any of the persons referred to in section 1166 of the Act;
<b>Share Sale</b>	means the sale of (or the grant of a right to purchase or to dispose of) any of the shares in the capital of the Company (in one transaction or a series of transactions) which will result in the buyer of those shares (or grantee of that right) and persons Acting in Concert with the buyer together acquiring Control of the Company where the identities of the shareholders in the buyer and the proportion of shares of the buyer held by each of them following completion of the sale are not substantially the same as the shareholders and their respective shareholdings in the Company immediately before the sale except where the Board determines that the sale shall not be regarded as a Share Sale;
<b>subsidiary</b>	has the meaning given in article 1.5;
<b>Tag Along Notice</b>	has the meaning given in article 19.4;
<b>Tag Along Offer</b>	has the meaning given in article 19.2;
<b>Tag Along Period</b>	has the meaning given in article 19.4;
<b>Tagged Shares</b>	has the meaning given in article 19.2;

<b>Termination Date</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) where employment ceases by virtue of notice given by the employer to the Employee Shareholder, the date on which such notice expires;</li> <li>(b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served; or</li> <li>(c) in any other case, the date on which the employment or holding of office is terminated;</li> </ul>
<b>Third Party Buyer</b>	has the meaning given in article 19.1;
<b>Transfer Date</b>	has the meaning given in article 19.4;
<b>Transfer Price</b>	the price per Sale Share payable to an Obligated Seller in accordance with article 17;
<b>Very Bad Leaver</b>	an Employee Shareholder who becomes a Departing Employee in circumstances which would have entitled the employer to summarily dismiss the Employee Shareholder; and
<b>Winding-up</b>	a winding -up of the Company in accordance with Part IV of the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 or a statutory demerger pursuant to Part 23 of the Act and Chapter 5 of Part 23 of the Corporation Tax Act 2010;
<b>Writing or written</b>	the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, for the purposes of articles 16 and 17, "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form.



- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have those meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an article is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:
- 1.5.1 another person (or its nominee), by way of security or in connection with the taking of security; or
- 1.5.2 its nominee.
- 1.6 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
2. **ADOPTION OF THE MODEL ARTICLES**
- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these

Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.

- 2.2 Model Articles 6(2), 7, 9(1), 11 to 14 (inclusive), 16, 17, 22(2), 26(5), 27 to 29 (inclusive), 36, 38, 39, 42 to 44 (inclusive), 49 and 50 to 53 (inclusive) shall not apply to the Company.
- 2.3 Model Article 20 shall be amended by the insertion of the words "(including alternate directors)" before the words "properly incur".
- 2.4 In Model Article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5 Model Articles 31(1)(a) to (c) (inclusive) shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Model Article 31(d) shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

## **DIRECTORS**

### **3. DIRECTORS' MEETINGS**

- 3.1 Any decision of the directors must be taken at a meeting of directors in accordance with these Articles.
- 3.2 Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 3.3 All decisions made at any meeting of the directors or of any committee of the directors shall be made only by resolution and resolutions at any meeting of the directors or committee of the directors shall be decided by a majority of votes.
- 3.4 If at any time before or at any meeting of the directors or of any committee of the directors a majority of the A Directors and a majority of the B Directors should request that the meeting be adjourned or reconvened to another time or date (whether to enable further consideration to be given to any matter or for other directors to participate or for any other reason, which need not be stated) then such meeting shall be adjourned or reconvened accordingly, and no business shall be

conducted at that meeting after such a request has been made. No meeting of directors may be adjourned pursuant to this article more than once.

- 3.5 A committee of the directors must include at least two Shareholder Directors. The provisions of article 6 shall apply equally to meetings of any committee of the directors as to meetings of the directors.

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

The number of directors shall not be less than two. No shareholding qualification for directors shall be required.

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

- 5.1 Any director may call a meeting of directors by giving not less than five Business Days' notice of the meeting, or such shorter period of notice as agreed in writing by a majority of the A Directors and a majority of the B Directors, to each director or by authorising the Company secretary (if any) to give such notice.

- 5.2 Notice of any directors' meeting must be accompanied by:

5.2.1 an agenda specifying in reasonable detail the matters to be raised at the meeting; and

5.2.2 copies of any papers to be discussed at the meeting.

- 5.3 Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless all the directors agree in writing.

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

- 6.1 The quorum at any meeting of the directors (including adjourned meetings) shall be one A Director and one B Director. No business shall be conducted at any meeting of directors unless a quorum is present at the beginning of the meeting and also when that business is voted on.

- 6.2 If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for five Business Days at the same time and place.

## **7. CHAIRING OF DIRECTORS' MEETINGS**

The Board may appoint a director to chair their meetings. The chairman will not have a casting vote. If the chairman for the time being is unable to attend any meeting of the Board, the participating directors must appoint one of themselves to chair that meeting. Any chairman may be replaced by the Board.

## **8. DIRECTORS' INTERESTS**

8.1 For the purposes of section 175 of the Act, the directors may authorise, by resolution and in accordance with the provisions of these Articles, any matter or interest proposed to them by any director which would, if not so authorised, involve a director (the **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).

8.2 The Interested Director must provide the directors with such details as are necessary for them to decide whether or not to authorise the Conflict, together with such additional information as may be requested by the directors.

8.3 Any authorisation of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):

8.3.1 extend to any actual or potential conflict of Interest which may reasonably be expected to arise out of the matter or situation so authorised;

8.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;

8.3.3 provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;

8.3.4 Impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;

8.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the

Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and

8.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

8.4 Where the directors authorise a Conflict:

8.4.1 the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict; and

8.4.2 the Interested Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act, provided he acts in accordance with such terms and conditions (if any) as the directors impose in respect of their authorisation.

8.5 The directors may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.

8.6 Any A Director or B Director shall be entitled from time to time to disclose to the holders of the A Shares or the holders of B Shares and Preference Shares respectively such information concerning the business and affairs of the Company as he shall at his discretion see fit, subject only to the condition that as long as there is more than one holder of A Shares, or B Shares and Preference Shares, the director concerned shall ensure that each of the shareholders of the same class(es) receives the same information on an equal footing.

8.7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Equity Shareholders in accordance with these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

- 8.8 Subject to sections 177(5) and 177(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act.
- 8.9 Subject to sections 182(5) and 182(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under article 8.8.
- 8.10 Subject, where applicable, to any terms, limits or conditions imposed by the Equity Shareholders in accordance with article 8.3, and provided a director has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- 8.10.1 may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;
  - 8.10.2 shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
  - 8.10.3 shall be entitled to vote at a meeting of directors (or of a committee of directors) or participate in any unanimous decision in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
  - 8.10.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
  - 8.10.5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and

8.10.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

**9. RECORDS OF DECISIONS TO BE KEPT**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in a form that enables the Company to retain a copy of such decisions.

**10. APPOINTMENT AND REMOVAL OF DIRECTORS**

10.1 The holder(s) of a majority of the A Shares shall collectively be entitled to appoint three persons to be A Directors.

10.2 The holder(s) of a majority of the B Shares and Preference Shares collectively shall be entitled to appoint three persons to be B Directors.

10.3 For the purposes of articles 10.1, 10.2 and 12.2:

10.3.1 Shares transferred pursuant to article 16.3 shall be counted towards the calculation of the relevant majority; and

10.3.2 a transferee of Shares under article 16.3 has no separate or additional right to appoint a director.

10.4 Any A Director may at any time be removed from office by the holder(s) of a majority of the A Shares.

10.5 Any B Director may at any time be removed from office by the holder(s) of a majority of the B Shares and Preference Shares collectively.

10.6 If any A Director shall die or be removed from or vacate office for any cause, the holder(s) of a majority of the A Shares shall appoint in his place another person to be an A Director.

- 10.7 If any B Director shall die or be removed from or vacate office for any cause, the holder(s) of a majority of the B Shares and Preference Shares collectively shall appoint in his place another person to be a B Director.
- 10.8 Any appointment or removal of a director pursuant to this article shall be in writing and signed by or on behalf of the holder(s) of a majority of the A Shares or a majority of the B Shares and Preference Shares collectively, as appropriate and served on the Company at its registered office, or delivered to a duly constituted meeting of the directors of the Company and on the director, in the case of his removal. Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.
- 10.9 The right to appoint and to remove A Directors and B Directors under this article shall be a class right attaching to the A Shares and the B Shares and Preference Shares respectively.
- 10.10 If no (a) A Shares or (b) B Shares and Preference Shares remain in issue following a redesignation under these Articles, any director appointed by shareholders of that class or classes shall be deemed to have been removed as from the redesignation.
- 10.11 No A Director or B Director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

## 11. **ALTERNATE DIRECTORS**

- 11.1 Any director (other than an alternate director) (the **Appointor**) may appoint any person (whether or not a director) other than an existing director representing the other class of shares, to be an alternate director to exercise the Appointor's powers, and carry out the Appointor's responsibilities, in relation to the taking of decisions by the directors, in the absence of the Appointor. In these Articles, where the context so permits, the terms "A Director" and "B Director" shall include an alternate director appointed by an A Director or a B Director respectively. A person may be appointed an alternate director by more than one director provided that each of his Appointors represents the same class of shares but not otherwise.
- 11.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company (and to the alternate, on removal) signed by the Appointor, or in any other manner approved by the directors.
- 11.3 The notice must:



- 11.3.1 identify the proposed alternate; and
- 11.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.
- 11.4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.
- 11.5 Except as the Articles specify otherwise, alternate directors:
  - 11.5.1 are deemed for all purposes to be directors;
  - 11.5.2 are liable for their own acts and omissions;
  - 11.5.3 are subject to the same restrictions as their Appointors; and
  - 11.5.4 are not deemed to be agents of or for their Appointorsand, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his Appointor is a member.
- 11.6 A person who is an alternate director but not a director may, subject to him being an Eligible Director:
  - 11.6.1 be counted as participating for the purposes of determining whether a quorum is present at a meeting of directors (but only if that person's Appointor is an Eligible Director and is not participating); and
  - 11.6.2 participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, and does not himself participate).
- 11.7 A director who is also an alternate director is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor (provided that an Appointor is an Eligible Director in relation to that decision), in addition to his own vote on any decision of the directors.
- 11.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director

except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

11.9 An alternate director's appointment as an alternate (in respect of a particular Appointor) terminates:

11.9.1 when the alternate's Appointor revokes the appointment by notice to the Company and the alternate in writing specifying when it is to terminate; or

11.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director; or

11.9.3 when the alternate director's Appointor ceases to be a director for whatever reason.

## **SHARES**

### **12. SHARE CAPITAL**

12.1 Except as otherwise provided in these Articles, the A Shares, the B Shares, the C Shares and the Preference Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.

12.2 The following class rules shall apply to the shares:

#### **12.2.1 A Shares:**

- (a) the A Shares carry full voting rights and entitle the holder to receive notice of, and attend, general meetings of the Company;
- (b) the A Shares carry full rights to participate in dividends;
- (c) the A Shares carry the rights to participate in capital distributions set out in article 12.3;
- (d) the A Shares are non-redeemable; and
- (e) the holder(s) of A Shares have the right to appoint A Directors set out in article 10.1.

#### **12.2.2 B Shares:**

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- (a) the B Shares carry full voting rights and entitle the holder to receive notice of, and attend, general meetings of the Company;
- (b) the B Shares carry full rights to participate in dividends;
- (c) the B Shares carry the rights to participate in capital distributions set out in article 12.3;
- (d) the B Shares are non-redeemable; and
- (e) the holder(s) of B Shares have the right to appoint B Directors set out in article 10.2.

#### **12.2.3 C Shares:**

- (a) the C Shares carry full voting rights and entitle the holder to receive notice of, and attend, general meetings of the Company;
- (b) dividends may only be paid on the C Shares if, and for so long as, the Board reasonably considers that the total value of the Company's ordinary shares is higher than the Reserved Amount. In the absence of such determination or if the Board makes a further determination that the Company's total ordinary share value is below the Reserved Amount, the right of the holders of C Shares to participate in dividends shall be suspended until such time as the Board again determines that the total Company value exceeds the Reserved Amount;
- (c) the C Shares carry the rights to participate in capital distributions set out in article 12.3; and
- (d) the C Shares are non-redeemable.

#### **12.2.4 Preference Shares:**

- (a) the Preference Shares carry full voting rights and entitle the holder to receive notice of, and attend, general meetings of the Company;
- (b) the Preference Shares carry full rights to participate in dividends;
- (c) the Preference Shares carry the rights to participate in capital distributions set out in article 12.3;

- (d) the Preference Shares are non-redeemable; and
- (e) the holder(s) of Preference Shares have the right to appoint B Directors set out in article 10.2.

12.3 On a return of capital on liquidation or otherwise (including an Exit or Winding-up but excluding a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:

- (a) first, in paying to each holder of Preference Shares in respect of each Preference Share of which it is the holder, an amount equal to (i) 100% of the subscription price paid in respect of that Preference Share, including any share premium; and (ii) the aggregate amount of any accruals and/or unpaid amounts of dividend (to be calculated down to and including the date of the return of capital and to be payable irrespective of whether such dividend would be unlawful by reason of there being insufficient distributable profits);
- (b) secondly, the value of any remaining assets up to the Reserved Amount (as adjusted in the case of a Share Sale of less than 100% of the Issued share capital of the Company) shall be distributed to the A Shares, B Shares and Preference Shares on a pro-rata basis according to the number of the shares of those classes then in issue; and
- (c) thirdly, the value of any remaining assets in excess of the Reserved Amount (as adjusted where applicable) shall be distributed amongst the A Shares, B Shares, C Shares and Preference Shares pro-rata to the total number of shares of those classes then in issue.

12.4 On the transfer of any share as permitted by these Articles, subject to the provisions of article 16.4:

- 12.4.1 a share transferred to a non-shareholder shall remain of the same class as before the transfer; and
- 12.4.2 a share transferred to a shareholder shall automatically be redesignated on transfer as a share of the same class as those shares already held by the shareholder.

If no shares of a class remain in issue following a redesignation under this article, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, shareholders of that class or directors appointed by that class.

- 12.5 No variation of the rights attaching to any class of shares shall be effective except with the prior written consent of three quarters of the holders of the relevant class of shares.

- 12.6 Each of the following shall be deemed to constitute a variation of the rights attached to the Equity Shares:

12.6.1 any alteration in the Articles;

12.6.2 any reduction, subdivision, consolidation, redenomination, or purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital; and

12.6.3 any resolution to put the Company into liquidation.

### **13. UNISSUED SHARES**

- 13.1 No share of any class nor any right to subscribe for or to convert any security into a share of any class shall be allotted or granted otherwise than to the holder of a share of that same class unless before that allotment or grant (as the case may be) the holder(s) of a majority of the A Shares and the holder(s) of a majority of the B Shares have consented in writing to that allotment or grant and its terms and to the identity of the proposed allottee or grantee.

- 13.2 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in sections 560(1) of the Act) where that allotment otherwise conforms to the requirements of these Articles.

- 13.3 Notwithstanding any other provision of these articles the provisions of articles 13.1 and 13.2 shall not apply in respect of the allotment or grant of rights to subscribe for C Shares pursuant to the Share Option Scheme.

### **14. FURTHER ISSUE OF SHARES: AUTHORITY**

- 14.1 Subject to article 13 and the remaining provisions of this article 14, the directors are generally and unconditionally authorised, for the purposes of section 551 of the Act to exercise any power of the Company to:
- 14.1.1 offer or allot;
  - 14.1.2 grant rights to subscribe for or to convert any security into; or
  - 14.1.3 otherwise deal in, or dispose of
- any shares in the Company to any person, at any time and subject to any terms and conditions as the directors think proper.
- 14.2 The authority referred to in article 14.1:
- 14.2.1 shall be limited to a maximum nominal amount of £1,000 or such other amount as may from time to time be authorised by the Company by ordinary resolution provided that the maximum number of C Shares in issue must not exceed 10% of the fully diluted ordinary share capital of the Company at any time;
  - 14.2.2 shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and
  - 14.2.3 may only be exercised for a period of five years from the date of adoption of these Articles, save that the directors may make an offer or agreement which would, or might, require shares to be allotted after the expiry of such authority (and the directors may allot shares in pursuance of an offer or agreement as if such authority had not expired).
15. **SHARE TRANSFERS: GENERAL**
- 15.1 In these Articles, reference to the transfer of a share includes the transfer, assignment or other disposal of a beneficial or other interest in that share, or the creation of a trust or encumbrance over that share, and reference to a share includes a beneficial or other interest in a share.
- 15.2 No shareholder shall transfer any share except in accordance with articles 16, 17, 19, and 20.

15.3 Subject to article 15.4, the directors must register any duly stamped transfer made in accordance with these Articles and shall not have any discretion to register any transfer of shares which has not been made in compliance with these Articles.

15.4 The directors may, as a condition to the registration of any transfer of shares in the Company (whether a Permitted Transfer or otherwise) require the transferee to execute and deliver to the Company a deed under which the transferee agrees to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document). If any such condition is imposed in accordance with this article 15.4, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

#### 16. **PERMITTED TRANSFERS**

16.1 Notwithstanding the provisions of any other article, the transfers set out in this article 16 shall be permitted without restriction.

16.2 Any shareholder shall be entitled to transfer all or any of his shares to any person provided that shareholders holding not less than 90% of the Equity Shares agree.

16.3 An Equity Shareholder shall be entitled to transfer his shares to any Family Member of his or the trustee(s) of his Family Trust provided that:

16.3.1 subject to article 16.3.3, no shares shall be transferred under this article 16.3 by any person who previously acquired those shares by way of transfer under this article 16.3 save to another individual who is a Family Member of the original holder of such shares;

16.3.2 no transfer of shares shall be made by a shareholder under this article 16.3 if the proposed transfer will result in 90% or more of the shares originally held by that shareholder being held by the shareholder's Family Trusts and Family Members;

16.3.3 where shares are held by trustees under a Family Trust:

(a) those shares may, on any change of trustees, be transferred by those trustees to any new trustee of that Family Trust;

- (b) those shares may at any time be transferred by those trustees to the settlor of that trust or any person to whom that settlor could have transferred them under article 16.3 if he had remained the holder of them;
- (c) if any of those shares cease to be held under a Family Trust (other than by virtue of a transfer made under article 16.3.3(b)) the trustees shall be required to immediately transfer all shares then held by the Family Trust to the original holder of such shares at par within ten Business Days of the cessation; and
- (d) if any person has acquired shares as a Family Member in accordance with article 16.3 and that person ceases to be a Family Member (by virtue of death or otherwise), that person (or his personal representatives) shall be required forthwith to transfer all the shares then held by that person back to the original holder of such shares at par within ten Business Days of the cessation.

16.4 Any Equity Shares transferred pursuant to article 16.3 shall, upon transfer, automatically convert into a different class of share which will have no voting rights but shall rank pari passu in all other respects with the shares held by the transferor immediately prior to the transfer. The remaining Equity Shares held by the transferor shall acquire such weighted voting rights as are required to ensure that the overall voting percentage of the transferor is not reduced by virtue of the transfer.

## 17. OBLIGATORY TRANSFERS

17.1 Where an Obligatory Transfer Event happens to a Shareholder (in this article the **Obligated Seller**):

17.1.1 who is an Equity Shareholder, he shall give notice of it to the other shareholders holding the same class of share as the Obligated Seller (in this article the **Buyer**); or

17.1.2 who is an Employee Shareholder, he shall give notice of it to the Company,

and, if he does not, he is deemed to have given such notice on the date on which the Buyer or the Company (where relevant) becomes aware of such Obligatory Transfer Event (**Notice of Obligatory Transfer Event**).



- 17.2 Subject to article 17.3 and unless the Board in its discretion determines otherwise, the service of a Notice of Obligatory Transfer Event shall bind the Obligated Seller to transfer his entire shareholding (**Sale Shares**) to the Buyer (in the case of an Equity Shareholder) or to the Company or such other party as is nominated by the Company (in the case of an Employee Shareholder).
- 17.3 Where the Board exercises its discretion pursuant to article 17.2, the Obligated Seller will be permitted to retain all or a proportion of the Sale Shares on such terms as the Board may determine.
- 17.4 The Transfer Price in respect of a Bankruptcy Event shall be the aggregate nominal value of the Sale Shares.
- 17.5 The Transfer Price in respect of a Compulsory Employee Transfer Event shall where the Departing Employee is:
- 17.5.1 a Bad Leaver, be the lower of:
- (a) the aggregate of the original subscription price of the Sale Shares including any share premium; and
  - (b) the aggregate Market Value of such Sale Shares;
- 17.5.2 a Very Bad Leaver, be the nominal value of such Sale Shares; and
- 17.5.3 a Good Leaver, be the aggregate Market Value of such Sale Shares.
- 17.6 In the case of a Good Leaver, the purchaser(s) thereof shall have the right to pay the Transfer Price in instalments over a period of up to twenty four months (or longer if agreed by the Departing Employee). No interest shall be payable where the Transfer Price is paid in instalments.
- 17.7 In the event that there is more than one Buyer, the Sale Shares shall be transferred to the Buyers in proportion to the number of shares held by each Buyer within that class.
- 17.8 A transfer of Sale Shares pursuant to this article 17 shall be deemed to include warranty that the Obligated Seller is transferring the Sale Shares with full title guarantee, free from all encumbrances and with all rights that attach, or may in the future attach, to them (including the right to receive all dividends and distributions declared, made or paid on or after the Obligatory Transfer Event).

17.9 On the date specified for completion by the Board, the Obligated Seller shall, against payment from the Buyer or the Company (as applicable), execute and deliver to the Company a transfer of the Sale Shares in accordance with any requirements specified by the Board, together with the relevant share certificate(s) (or an indemnity in lieu thereof).

17.10 If the Obligated Seller fails to comply with article 17.9:

17.10.1 any director of the Company may, as attorney, on behalf of the Obligated Seller:

- (a) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Buyer(s) or the Company (as applicable);
- (b) receive the Transfer Price and give a good discharge for it (and no Buyer shall be obliged to see the distribution of the Transfer Price); and
- (c) (subject to the transfers being duly stamped) enter the Buyers in the register of shareholders as the holders of the Sale Shares purchased by them; and

17.10.2 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Obligated Seller until he has delivered his certificate(s) for the relevant Sale Shares or an indemnity in a form reasonably satisfactory to the Board. In respect of any lost certificate, together, in either case, with such other evidence (if any) as the Board may reasonably require to prove good title to those Sale Shares, to the Company.

## 18. VALUATION

18.1 The Auditors shall be requested to determine the Market Value within fifteen Business Days of their appointment and to notify the Company and the Obligated Seller in writing of their determination.

18.2 The Market Value for any Sale Share shall be the price per share determined in writing by the Auditors on the following bases and assumptions:

18.2.1 taking into account the rights attaching to the shares;

- 18.2.2 applying such discount as may be appropriate to reflect the fact that the shares in question represent a non-controlling holding;
  - 18.2.3 If the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - 18.2.4 the sale is on arms' length terms between a willing seller and a willing buyer;
  - 18.2.5 the Sale Shares are sold free of all encumbrances;
  - 18.2.6 the sale is taking place on the actual date or deemed effective date of the transfer event in question; and
  - 18.2.7 to take account of any other factors that the Auditors reasonably believe should be taken into account.
- 18.3 The shareholders are entitled to make submissions to the Auditors and will provide (or procure that the Company provides) the Auditors with such assistance and documents as the Auditors reasonably require for the purpose of reaching a decision, subject to the Auditors agreeing to give such confidentiality undertakings as the shareholders may reasonably require.
- 18.4 To the extent not provided for by this Article ~~18~~, the Auditors may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate, including (to the extent they consider necessary) instructing professional advisers to assist them in reaching their valuation.
- 18.5 The Auditors shall act as expert and not as arbitrator and their written determination shall be final and binding on the shareholders in the absence of manifest error or fraud.
- 18.6 Subject to article 18.7, the cost of obtaining the Auditor's valuation shall be borne by the Company.
- 18.7 Where the Market Value of the Sale Shares as determined by the Auditors exceeds the Company's original offer by 15% or less, the cost of the valuation shall be borne by the Company and the Obligated Seller in equal proportions.

**19. TAG ALONG**

- 19.1 The provisions of this article 19 shall apply if the holders of a majority of the issued share capital of the Company for the time being (**Selling Shareholders**) propose to transfer their shares (**Proposed Transfer**) to a bona fide arm's length purchaser (**Third Party Buyer**).
- 19.2 Before making a Proposed Transfer, the Selling Shareholders shall procure that the Third Party Buyer makes an offer (**Tag Along Offer**) to the holders of all other shares (**Tagged Shares**) in issue for the time being to purchase all of the Tagged Shares.
- 19.3 The consideration payable by a Third Party Buyer in respect of the Tagged Shares shall be as follows:
- 19.3.1 in respect of the Equity Shares, a price per share that is at least equal to the price per share offered by the Third Party Buyer in the Proposed Transfer for the Equity Shares; and
- 19.3.2 in respect of the C Shares, the price calculated in accordance with the capital rights specified in article 12.2.3(c) (which, for the avoidance of doubt, may be nil if the price offered by the Third Party Buyer is equal to or less than the Reserved Amount).
- 19.4 The Tag Along Offer shall be given by written notice (**Tag Along Notice**), at least seven Business Days (**Tag Along Period**) before the proposed transfer date (**Transfer Date**). To the extent not described in any accompanying documents, the Tag Along Notice shall set out:
- 19.4.1 the Identity of the Third Party Buyer;
- 19.4.2 the purchase price and other terms and conditions of payment;
- 19.4.3 the Transfer Date; and
- 19.4.4 the number of shares proposed to be purchased by the Third Party Buyer (**Offer Shares**).
- 19.5 If the Third Party Buyer fails to make the Tag Along Offer in accordance with this article the Selling Shareholders shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.

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19.6 If the Tag Along Offer is accepted by the holder of the Tagged Shares in writing within the Tag Along Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by such shareholder.

**20. DRAG ALONG**

20.1 If the Selling Shareholders wish to transfer all (but not some only) of the Shares held by them to a Third Party Buyer, the Selling Shareholders may require the holders of all other shares (**Called Shareholders**) to sell and transfer all of their shares (**Called Shares**) to the Third Party Buyer (or as the Third Party Buyer directs) in accordance with the provisions of this article (**Drag Along Option**).

20.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (**Drag Along Notice**) at any time before the transfer of the Shares to the Third Party Buyer. The Drag Along Notice shall specify:

20.2.1 that the Called Shareholder is required to transfer all of its Called Shares pursuant to this article 20;

20.2.2 the person to whom the Called Shares are to be transferred;

20.2.3 the purchase price payable for the Called Shares which shall be as follows:

(a) in respect of the Equity Shares, for each Called Share, an amount at least equal to the price per Share offered by the Third Party Buyer for the Selling Shareholders' Shares; and

(b) in respect of the C Shares, the price calculated in accordance with the capital rights specified in articles 12.2.3(c) (which, for the avoidance of doubt, may be nil if the price offered by the Third Party Buyer is equal to or less than the Reserved Amount);

20.2.4 the proposed date of the transfer.

20.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Shares held by them to the Third Party Buyer within 40 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

- 20.4 No Drag Along Notice shall require the Called Shareholders to agree to any terms except those specifically set out in this article.
- 20.5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the Selling Shareholders' Shares unless:
- 20.5.1 the Selling Shareholders and the Called Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by them; or
- 20.5.2 that date is less than 21 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 21 Business Day after service of the Drag Along Notice.
- 20.6 Within five Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver a stock transfer form for the Called Shares, together with the relevant share certificate (or a suitable indemnity for any lost share certificate) to the Company. On the expiration of that five Business Day period, the Company shall pay the Called Shareholders, on behalf of the Third Party Buyer, the amounts due pursuant to this article 20 to the extent that the Third Party Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Third Party Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholder without any obligation to pay interest.
- 20.7 To the extent that the Third Party Buyer has not, on the expiration of the five Business Day period referred to in article 20.6, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholders shall be entitled to the return of the stock transfer form and share certificate (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article in respect of its shares.
- 20.8 If a Called Shareholder does not, on completion of the sale of the Called Shares, execute a transfer(s) in respect of all of the Called Shares held by it, the Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to

the Proposed Buyer (or as he may direct) as the holder thereof. After the Third Party Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this article 20.

## **DECISION MAKING BY SHAREHOLDERS**

### **21. QUORUM FOR GENERAL MEETINGS**

21.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two Equity Shareholders, or their duly authorised representative, present in person or by proxy.

21.2 No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

### **22. CHAIRING GENERAL MEETINGS**

The chairman of the Board shall chair general meetings. If the chairman is unable to attend any general meeting:

22.1 the directors present; or

22.2 (if no directors are present) the meeting

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

### **23. VOTING**

23.1 The shareholders shall have the right to receive notice of, attend, vote and speak at any general meeting of the Company and shall be entitled to vote on any written resolution of the Company. Save as provided otherwise in the Act and in this article 23, each such holder present in person or by proxy or by representative shall be entitled to one vote for each share held by him.

23.2 The shareholders shall have weighted voting rights in the circumstances set out in article 16.4.

### **24. PROXIES**

24.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours

before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of general meeting (or adjourned meeting) to which they relate".

- 24.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid" as a new paragraph at the end of that article.

## **ADMINISTRATIVE ARRANGEMENTS**

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

- 25.1 Subject to article 25.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

25.1.1 if delivered by hand, at the time the notice, document or other information is left at the address; or

25.1.2 if delivered by commercial courier, at the time of signature of the courier's delivery receipt;

25.1.3 if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, 48 hours after posting; or

25.1.4 if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or

25.1.5 if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt; or

25.1.6 if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or

25.1.7 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and

25.1.8 if deemed receipt under the previous paragraphs of this article 25.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt),



at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

25.2 To prove service, it is sufficient to prove that:

25.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or

25.2.2 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or

25.2.3 if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

25.3 Any notice, document or other information served on, or delivered to, an intended recipient under article 16 or article 17 (as the case may be) may not be served or delivered in electronic form (other than by fax), or by means of a website.

25.4 In proving that any notice, document or information was properly addressed, it will suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.

## 26. INDEMNITY AND INSURANCE

26.1 Subject to article 26.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

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

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

(b) in relation to the Company's activities as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act)

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in

connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and

- 26.1.2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 26.1.1 and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure.
- 26.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 26.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.
- 26.4 In this article:
- 26.4.1 a "relevant officer " means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor; and
- 26.4.2 a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any pension fund of the Company.