

# ARTICLES OF ASSOCIATION

of

## GLAS CYMRU HOLDINGS CYFYNGEDIG

### A PRIVATE COMPANY LIMITED BY GUARANTEE

Articles adopted under the Companies Act 2006

Amended by Special Resolution passed on 6 December 2019

#### Interpretation

##### 1. Exclusion of Model Articles and Table A

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

##### 2. Definitions

In these Articles unless the context otherwise requires:

"**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;

"**Employee**" means an employee of the Company or any of its subsidiaries;

"**Executive Director**" means a Director appointed to hold any employment or executive office within the Company (including that of a chief executive or a managing director) pursuant to Article 50;

"**Listing Rules**" means the Listing Rules of the Financial Conduct Authority acting in its capacity as a competent authority under the Financial Services and Markets Act 2000, as the same may be amended from time to time;

"**Member**" means a member of the Company;

"**Non-Executive Director**" means a Director, other than an Executive Director;

"**Relevant Transaction**" means any transaction involving the acquisition or disposal of property by the Company which is classified as Class 1 under the provisions of the Listing Rules;

"**seal**" means any common or official seal that the Company may be permitted to have under the Statutes;

"**these Articles**" means these articles of association as altered from time to time by special resolution and the expression "this Article" shall be construed accordingly;

"**the Auditors**" means the auditors for the time being of the Company or, in the case of joint auditors, any one of them;

"**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;

"**the Companies Acts**" shall have the meaning given thereto by Section 2 of the Companies Act 2006;

"**the Office**" means the registered office from time to time of the Company;

"**the Secretary**" means the secretary, or (if there are joint secretaries) any one of the joint secretaries, of the Company and (except in Article 75) includes an assistant or deputy secretary and any person appointed by the Board to perform any of the duties of the secretary;

"**the Statutes**" means the Companies Acts and every other enactment for the time being in force concerning companies and affecting the Company;

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

references to a document being executed include references to its being executed under hand or under seal or by any other method;

references to writing include references to any method of representing or reproducing words in a legible and non-transitory form including (but only to the extent that the recipient (if not the Company) has requested or agreed) electronic communication;

the expressions "**hard copy form**", "**electronic form**" and "**electronic means**" shall have the same respective meanings as in the Company Communications Provisions;

the expression "**address**" shall include any number or address used for the purpose of sending or receiving notices, documents or information by electronic means and/or by means of a website;

the expression "**Company Communication Provisions**" shall have the same meaning as in the Companies Acts; and

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 the same meaning in these Articles or that part (as the case may be) save that the word "**company**" shall include any body corporate.

Headings and notes are included only for convenience and shall not affect meaning.

## Purpose and Objects

- 2A** The purpose of the Company is to provide high quality and better value drinking water and environmental services so as to enhance the well-being of its customers and the communities it serves, both now and for generations to come.
- 2B** The objects for which the Company is established are:
- (a) To carry on the business of a holding company.
  - (b) Either itself or through any subsidiary undertaking or undertakings to:
    - (i) carry on the business of a water undertaker ("**Water Undertaker**") pursuant to an appointment made under the Water Industry Act 1991 or any statutory modification or re-enactment thereof for the time being in force ("the **Act**") including but not limited to, whether by procurement from third parties or otherwise, the provision, operation, development, maintenance, improvement and extension of a system of water supply, the abstraction, collection, storage, treatment, distribution and supply of water, and the provision, operation, maintenance, improvement and extension of water mains and other pipes;
    - (ii) carry on the business of a sewerage undertaker under the Act ("**Sewerage Undertaker**") including but not limited to, whether by procurement from third parties or otherwise, the provision, operation, development, maintenance, improvement and extension of a system of public sewers, the removal, treatment and disposal of waste, sewage, sludge and other effluent, and the provision, operation, emptying, cleansing, maintenance, improvement and extension of sewers and drains;
    - (iii) in respect of the activities described in sub-paragraphs (i) and (ii), do anything which a Water Undertaker or Sewerage Undertaker is empowered or required to do under the Act, or any other enactment, or which is, or is considered by the Directors to be, expedient for such an undertaker to do or which, in the opinion of the Directors, may facilitate or be conducive to or further or supplement the performance or carrying on of any of the functions or activities of such an undertaker;
    - (iv) fund, establish, acquire and operate additional commercial businesses and companies operating predominantly in the utility and infrastructure sectors in the United Kingdom; and
    - (v) carry on any trade or business whatsoever as may be approved by the Members from time to time.
  - (c) To acquire and undertake the whole or any part of the business, goodwill and assets of any person, firm, company, association or body carrying on or proposing to carry on any of the businesses which the Company or any

subsidiary undertaking is authorised to carry on, and, as part of the consideration for such acquisition, to undertake all or any of the liabilities of such person, firm, company, association or body, or to acquire an interest in, amalgamate with, or enter into any arrangement for co-operation or for mutual assistance with, or to make grants, donations or loans to, any such person, firm, company, or body.

- (d) To further all or any of the objects of the Company directly or indirectly through subsidiary undertakings and to establish or promote, or participate in establishing or promoting, any subsidiary undertaking, company, fund or trust and to subscribe for, underwrite, purchase or otherwise acquire or hold securities of any company, fund or trust, in each case whether or not such subsidiary undertaking, company, fund or trust has or promotes, or carries on activities falling within, the objects of the Company or objects similar thereto.
- (e) To make and carry into effect such agreements or arrangements with Governments, authorities and other persons as may appear conducive to the furtherance of any of the objects of the Company or any subsidiary undertaking.
- (f) To make suitable arrangements for the administration of the Company or any subsidiary undertaking and the carrying out of its objects and for this purpose to provide in whole or in part for the salaries or maintenance of officers, servants and employees and to support and subscribe to any object, and any institution, society or club whose work is calculated to promote the objects of the Company or of any subsidiary undertaking or to benefit its employees or former employees, and which may be connected with any town or place where the Company or any subsidiary undertaking carries on its business; to give or procure the giving of pensions or other superannuation benefits, emoluments, gratuities or charitable aid to any persons who may have been employed by or may have served the Company or any subsidiary undertaking, or any Director or former Director of the Company or of any subsidiary undertaking (whether or not such Director or former Director has held any salaried office or place of profit with the Company or any subsidiary undertaking) or any individuals who are or were at any time members, or eligible to be members, of a scheme established or designated under Section 27 of the Water Act 1973 or contained in or governed by regulations under Section 7 or Section 12 of the Superannuation Act 1972 or the spouses, children or other relatives or dependants of such persons; to make payment for or towards insurance for their benefit; to form, manage, maintain or contribute or subscribe to provident, benefit or any similar funds and superannuation and pension funds or other schemes for the benefit of any such persons, and of their spouses, children, other relatives and dependants.
- (g) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of the Company, or of any subsidiary undertaking, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such

persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to the Company or subsidiary undertaking or pension fund and to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability.

- (h) To raise or borrow money for the purposes of the Company or any subsidiary undertaking on such terms and on such security, if any, as may be thought fit, and to make arrangements for the discharge or guarantee of and security for all or any of the liabilities of the Company or any subsidiary undertaking.
- (i) To invite and receive any property, endowment, legacy, bequest or gift for any purpose within the objects of the Company or any subsidiary undertaking and to act as trustees or managers thereof.
- (j) To enter into such agreements or arrangements of whatever nature with organisations having objects similar to those of the Company or any subsidiary undertaking as may be calculated to further the objects of the Company or any subsidiary undertaking.
- (k) To make grants or donations or loans to or to amalgamate or affiliate with any company or body which has objects similar to the objects of the Company or any subsidiary undertaking as may be calculated to further the objects of the Company or any subsidiary undertaking.
- (l) To promote or oppose or join in promoting or opposing any legislative or other measures affecting or likely to affect the business of the Company or any subsidiary undertaking.
- (m) To purchase, take on lease or in exchange, hire or otherwise acquire any real or personal property or any rights or privileges which the Company or any subsidiary undertaking may think necessary or convenient for the promotion of its objects, and to construct, maintain and alter any buildings or erections necessary or convenient for the work of the Company or any subsidiary undertaking.
- (n) To sell, let, mortgage, dispose of or turn to account all or any of the property or assets of the Company or any subsidiary undertaking as may be thought expedient with a view to the furtherance of its objects.
- (o) To act as agents, brokers and trustees for any person, firm or company and to act in any of the businesses of the Company or any subsidiary undertaking through or by means of agents, brokers or others and generally to undertake and transact all kinds of agency or other business which an ordinary individual may legally undertake.

- (p) To invest the moneys of the Company or any subsidiary undertaking not immediately required for its purposes in or upon such investments, securities or property as may be thought fit.
- (q) To lend or advance money to any person or persons on such terms as to repayment, interest and security, or otherwise, as the Board may decide, and to give guarantees, indemnities or provide security in respect of the fulfilment of any contracts or obligations of, and to become surety for or otherwise financially aid, any person or persons as the Board may decide.
- (r) To draw, make, accept, endorse, discount, negotiate, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (s) To conduct, promote and commission research and development in connection with the activities of the Company and its subsidiaries, to establish and maintain research stations, laboratories, workshops, testing and proving grounds, facilities and establishments and installations and to exploit and turn to account the results of any research and development carried out by or for it.
- (t) To apply for and take out, purchase or otherwise acquire any patents, patent rights, inventions, secret processes, designs, copyrights, trade marks, service marks, commercial names and designations, know-how, formulae, licences, concessions and the like (and any interest in any of them) or any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention or secret process of any kind and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account or deal with, the property, rights or information so acquired.
- (u) To subscribe or guarantee money for any national, regional, charitable, benevolent or public purpose which may be considered likely directly or indirectly to further the interests of the Company.
- (v) To do all or any of the above things as principal, agent, trustee, contractor or otherwise, and either alone or in conjunction with others, and either by or through agents, trustees, sub-contractors or otherwise.
- (w) To do all such lawful things as may be considered to be incidental or conducive to the attainment of the above objects or any of them.

AND IT IS HEREBY DECLARED that in this Article:

- (i) unless the context otherwise requires words in the singular include the plural and vice versa;
- (ii) unless the context otherwise requires a reference to a person includes a reference to a company and a reference to a person or company includes a reference to a firm, partnership, corporation, government or other authority (municipal, local or otherwise), undertaking, organisation, association, statutory,

public or other body and any other legal entity, whether resident, domiciled or situated (in any such case) in the United Kingdom or elsewhere;

- (iii) references to "other" and "otherwise" shall not be construed ejusdem generis where a wider construction is possible;
- (iv) the words "subsidiary" (except in paragraph (v) below) and "holding company" have the same meaning as in Section 1159 of the Companies Act 2006 or any statutory modification or re-enactment of it;
- (v) the objects specified in each of the foregoing paragraphs of this Article shall be separate and distinct objects of the Company and accordingly shall not be in any way limited or restricted (except so far as otherwise expressly stated in any paragraph) by reference to or inference from the terms of any other paragraph or the order in which the paragraphs occur or the name of the Company, and none of the paragraphs shall be deemed merely subsidiary or incidental to any other paragraph.

### **Liability**

**2C** The liability of the Members is limited.

### **Income and Property**

**2D** The income and property of the Company, whenever derived, shall be applied solely towards the promotion of the objects of the Company as set forth in Article 2B, and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit, to the Members of the Company.

Provided that nothing herein shall prevent the payment, in good faith, of reasonable and proper remuneration to any officer or servant of the Company, or to any Members of the Company in return for any services actually rendered to the Company, nor prevent the payment of interest at a reasonable and proper rate on money lent or reasonable and proper rent for premises demised or let by any member to the Company.

**2E** If upon the winding up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the Members of the Company, but shall be given or transferred to some other institution or institutions, having objects similar to the objects of the Company, and which shall prohibit the distribution of its or their income and property amongst its or their members to an extent at least as great as is imposed on the Company under or by virtue of Article 2D, such institution or institutions to be determined by the Members of the Company at or before the time of dissolution, and if and so far as effect cannot be given to such provision, then to some charitable object to be so determined.

**2F** No addition, alterations or amendment shall be made to Article 2D or Article 2E or to this Article 2F unless a resolution to approve the additions, alterations or amendments has been passed by all Members of the Company.

## **Members**

### **3. Admission of Members**

- 3.1 The Board may at any time invite any person to become a Member provided that the total number of Members at any time shall not exceed 200.
- 3.2 The Board shall ensure that at all times there is a published written policy of the Company setting out its procedures for seeking nominations for membership and for the selection and appointment of Members ("**Membership Policy**").
- 3.3 Save in respect of persons who are Members by virtue of Article 44 the following provisions shall apply to the admission of Members:
- 3.3.1 all Members shall be appointed in accordance with the Membership Policy;
- 3.3.2 no person shall be appointed a Member unless he/she has completed a written application form in such form as the Board may from time to time agree; and
- 3.3.3 the Board shall have an absolute discretion as to the admission or rejection of an application for membership of the Company received from any person who has not been invited by the Board to become a Member.
- 3.4 The Board shall ensure that a register of the names of Members shall be made available for public inspection.
- 3.5 Only individuals may be admitted to membership.

### **4. Duties of Members**

Every Member shall be bound to exercise his rights and powers as a Member to further the objects of the Company set out in Article 2B. Every Member shall also be bound to observe these Articles and any conditions of membership as may be approved by the Board from time to time.

### **5. Membership not transferable**

Admission to membership is personal and shall not be transferable by the act of a Member or by operation of law.

### **6. Term of membership**

- 6.1 Save in respect of persons who are Members by virtue of Article 44, Members shall be admitted to membership, and membership may at the discretion of the Board be renewed for such term as the Board shall determine. The Board shall ensure that four fifths of the total number of Members shall not serve as a Member beyond the tenth anniversary of his/her admission to membership and may not re-appoint any Member to whom this Article applies after the twelfth anniversary of his/her admission to membership. Unless the Board otherwise determines before such expiry, a Member



shall cease to hold that position when his/her initial term of appointment expires. For the purposes of this Article 6.1, the date of admission to membership of a Member who was formerly a member of Glas Cymru Cyfyngedig shall be deemed to be the date of admission of that Member to membership of the Company.

- 6.2 If a person is a Member by virtue of Article 44, his/her terms of appointment as a Member will expire automatically when he/she ceases to be a Director.

## **7. Cessation of membership**

- 7.1 Any Member (other than a person who is a Member by virtue of Article 44) may by written notice to the Secretary resign his/her membership. In such circumstances, membership shall terminate when the notice of cessation is recorded in the Register of Members, which shall be no later than seven clear days after the Secretary receives such notice.

- 7.2 The Board may at any time request in writing any Member (other than a person who is a Member by virtue of Article 44) to resign his/her membership if the Board determines that it is in the interests of the Company that such person should do so.

- 7.3 A person shall automatically cease to be a Member:

7.3.1 if he/she becomes of unsound mind or permanently incapable of acting; or

7.3.2 unless the Board otherwise resolves, if he/she becomes bankrupt or makes any arrangement with his/her creditors.

## **8. Termination of membership**

Any Member:

- 8.1 who fails to observe these Articles; or

- 8.2 who fails within thirty days to comply with a request from the Board under paragraph 7.2 of Article 7;

may have his/her membership terminated by a resolution passed by a majority of at least three-fourths of the Directors present and voting at a meeting of the Board. The decision of the Board shall be final and shall be notified to the Member in writing and shall be effective upon such notice being served. A person shall not be entitled to challenge the validity of any resolution passed under this Article 8.

## **9. Expenses**

No Member shall be entitled to receive any fees or other payment from the Company for acting as a Member. The Board may, however, determine at its discretion to reimburse reasonable expenses incurred by Members in fulfilling their duties as Members.

## **10. Form of Resolution**

- 10.1 Subject to the Statutes, where for any purpose an ordinary resolution of the Company is required, a special resolution shall also be effective.
- 10.2 A written resolution of the Company (which means a resolution proposed and passed in accordance with Chapter 2 of Part 13 of the Companies Act 2006) shall have effect as if passed by the Company in general meeting.

### **General Meetings**

## **11. General Meetings**

Any general meeting of the Company other than an Annual General Meeting shall be called a General Meeting.

## **12. Annual General Meetings**

The Company shall, unless it resolves otherwise, in each year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notice calling it. An annual general meeting shall be held in each period of six months beginning with the day following the Company's accounting reference date. The annual general meeting shall be held at such date, place and time as the Board shall appoint.

## **13. Convening of General Meetings**

The Board may convene a General Meeting whenever it thinks fit.

### **Notice of General Meetings**

## **14. Length of Notice**

An Annual General Meeting shall be called by notice of at least twenty one days. Any other General Meeting shall be called by notice of at least fourteen days. The period of notice shall in either case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held. The notice shall specify the place, day and time of the meeting, and the general nature of the business to be transacted. There shall appear with reasonable prominence in every such notice a statement that a Member is entitled to appoint another Member as his proxy to exercise all or any of his rights to attend and to speak and vote at the Meeting. Notice of every general meeting shall be given to all Members and also to the Auditors or, if more than one, each of them.

Notwithstanding that a meeting of the Company is convened by shorter notice than that specified in this Article 14, it shall be deemed to have been properly convened if it is so agreed:

- (a) in the case of an Annual General Meeting, by all the Members entitled to attend and vote at the meeting; and

- (b) in the case of any other General Meeting, by at least 95 per cent of the Members entitled to attend and vote at the meeting.

**15. Omission or Non-Receipt of Notice**

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send an instrument of proxy to, or the non-receipt of either or both by, any person entitled to receive the notice shall not invalidate the proceedings at that meeting.

**16. Postponement of General Meetings**

If the Board, in its absolute discretion, considers that it is impractical or unreasonable 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 the general meeting to another date, time and place by giving notice of such postponement not less than three clear days before the date previously specified for that meeting. Such notice shall specify the date, time and place of the postponed meeting. Notice of the business to be transacted at such postponed meeting shall not be required.

**Proceedings at General Meetings**

**17. Quorum**

17.1 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 which shall not be treated as part of the business of the meeting.

17.2 Save as otherwise provided by these Articles and in particular, subject to Article 17.3, a quorum is present for all purposes when such number of Members who are not also Directors of the Company form the majority of Members present in person or by proxy, and entitled to vote; providing that at least four such Members (who are not also Directors) are present in person or by proxy and entitled to vote.

17.3 Article 17.2 shall not apply if, at any time, the number of Members of the Company is less than three (in which case the requirements as to quorum in section 318 of the Companies Act 2006 shall apply to the Company).

**18. Procedure if Quorum Not Present**

If within fifteen 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, the meeting shall stand adjourned to such other day (being not less than three nor more than twenty-eight days later) and at such time or place as may have been specified for the purpose in the notice convening the meeting or, if convened on the requisition of Members in accordance with the Companies Acts, shall be dissolved. Where no such arrangements have been so specified, the meeting shall stand adjourned to such other day (being not less than ten nor more than twenty-

eight days later) and at such time or place as the chairman of the meeting may decide and, in this case, the Company shall give not less than seven clear days' notice in writing of the adjourned meeting. At any adjourned meeting two Members (whether or not also Directors) present in person or by proxy and entitled to vote shall be a quorum.

**19. Security Arrangements**

The Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to, or to authorise some one or more persons who shall include a Director or the Secretary or the chairman of the meeting to, refuse entry to, or to eject from, such general meeting any person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

**20. Chairman of General Meeting**

The chairman (if any) of the Board or, in his absence, the deputy chairman (if any) shall preside as chairman at every general meeting. If there is no chairman or deputy chairman, or if at any meeting neither the chairman nor any deputy chairman is present within fifteen minutes after the time appointed for the commencement of the meeting, or if neither the chairman nor any deputy chairman is 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 if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, a Member may be elected to be the chairman by a resolution of the Company passed at the meeting.

**21. Orderly Conduct**

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

**22. Rights to Attend and Speak**

The chairman may invite any person to attend and/or speak at any general meeting of the Company whom the chairman considers to be equipped by knowledge or experience of the Company's business to assist in the deliberations of the meeting.

**23. Adjournments**

23.1 The chairman of any general meeting at which a quorum is present may adjourn the meeting if:

- (a) the Members consent to an adjournment by passing an ordinary resolution;

- (b) the chairman of the general meeting considers it necessary for the safety of the people attending the meeting (including if there is not enough room at the venue to accommodate everyone who wishes to, and is entitled to, attend); or
  - (c) the chairman of the general meeting considers it necessary to restore order or to otherwise facilitate the proper conduct of the general meeting.
- 23.2 If the chairman adjourns a meeting he may specify the time, date and place to which it is adjourned. If a meeting is adjourned without specifying a new time and place, the Directors will fix the time, date and place of the adjourned meeting.
- 23.3 The chairman of any general meeting at which a quorum is present must adjourn the meeting if requested to do so by the meeting.
- 23.4 A reconvened meeting may only deal with business that might lawfully have been dealt with at the meeting which was adjourned.
- 23.5 Meetings may be adjourned more than once.

#### **24. Notice of Adjournment**

When a meeting is adjourned for thirty days or more, without specifying a new time, at least seven clear days' notice of the adjourned meeting shall be given. Except where these Articles otherwise require, 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**

#### **25. Amendments to Resolutions**

- 25.1 A special resolution to be proposed at a general meeting may be amended by ordinary resolution provided that no amendment may be made other than a mere clerical amendment to correct a patent error.
- 25.2 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution provided that:
- (a) notice of the proposed amendment is given to the Company by a person entitled to vote at the general meeting in question at least forty-eight hours before the meeting, or adjourned meeting (as the case may be); or
  - (b) in the opinion of the chairman of the general meeting the amendment is within the scope of the business of the meeting as described and does not impose further obligations on the Company.

## **26. Amendments Ruled Out of Order**

If an amendment is proposed to any resolution under consideration but is in good faith 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**

## **27. Method of Voting**

27.1 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 or on the withdrawal of any other demand for a poll) a poll is properly demanded. Subject to the Companies Acts, a poll may be demanded by the chairman of the meeting, or at least three Members present in person or by proxy and entitled to vote (or if the Company shall at any time have less than three Members, by each Member of the Company).

The chairman shall, in any event, demand a poll on any resolution supported or proposed by the Board but which is defeated on a show of hands.

27.2 On a vote on a resolution at a meeting on a show of hands, a declaration by the Chairman that the resolution:

- (a) has or has not been passed; or
- (b) passed with a particular majority,

is conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. An entry in respect of such a declaration in minutes of the meeting recorded in accordance with the Companies Acts is also conclusive evidence of that fact without such proof. This Article does not have effect if a poll is demanded in respect of the resolution (and the demand is not subsequently withdrawn).

## **28. Procedure if Poll Demanded**

If a poll is properly demanded it shall be taken in such manner as the chairman shall direct and he may appoint scrutineers who need not be Members. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

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

A poll demanded on the election of a chairman, 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 thirty days after the date of the demand) and at such time and place as the chairman shall direct. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll.

**30. Continuance of Other Business after Poll Demand**

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded, and it may be withdrawn with the consent of the chairman 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.

**31. Votes of Members**

Every Member shall have one vote. A proxy appointed by a Member in accordance with these Articles and the Statutes shall be entitled to exercise all or any of the rights of the appointor, to attend and to speak and vote at a meeting of the Company

**32. Votes on a Poll**

On a poll votes may be given either personally or by proxy.

**33. Casting Vote of Chairman**

In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional or casting vote.

**34. Objections or Errors in Voting**

34.1 If any objection shall be raised to the qualification of any voter; or

(a) any votes have been counted which ought not to have been counted or which might have been rejected; or

(b) any votes are not counted which ought to have been counted,

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless it is raised or pointed out at the meeting or, as the case may be, the adjourned meeting 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**

**35. Execution of Proxies**

An instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing. A proxy must be a Member.

### **36. Delivery of Proxies**

36.1 The appointment of a proxy (and, if required by the Board, any authority under which it is executed or a certified copy of the authority) must be received at the address or one of the addresses (if any) specified for that purpose in, or by way of note to, or in any document accompanying, the notice convening the meeting (or if no address is so specified, at the Office):

- (a) in the case of a meeting or adjourned meeting, not less than 48 hours before the commencement of the meeting or adjourned meeting to which it relates;
- (b) in the case of a poll taken following the conclusion of a meeting or adjourned meeting, but not more than 48 hours after the poll was demanded, not less than 48 hours before the commencement of the meeting or adjourned meeting at which the poll was demanded; and
- (c) in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for the taking of the poll;

and in default shall not be treated as valid.

36.2 The Directors may at their discretion determine that, in calculating the periods mentioned in paragraph 36.1 of Article 36, no account shall be taken of any part of any day that is not a working day (within the meaning of Section 1173 of the Companies Act 2006).

36.3 When two or more valid but differing instruments of proxy are delivered in respect of the same Member for use at the same meeting, the one which is last delivered (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that Member; if the Company is unable to determine which was last delivered, none of them shall be treated as valid in respect of that Member. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting or poll concerned.

### **37. Rights of Proxy**

The instrument of proxy shall be deemed to confer authority to exercise all or any of the rights of the appointor, to attend and to speak and vote at a meeting of the Company.

### **38. Form of Proxy**

Instruments of proxy shall be in writing in any usual form or in such other form as the Board may approve and the Board may, if it thinks fit, but subject to the provisions of the Companies Acts, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of 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.



### **39. Cancellation of Proxy's Authority**

- 39.1 Neither the death or insanity of a Member who has appointed a proxy, nor the revocation or termination by a Member of the appointment of a proxy (or of the authority under which the appointment was made), shall invalidate the proxy or the exercise of any the rights of the proxy thereunder, unless notice of such death, insanity, revocation or termination shall have been received by the Company in accordance with paragraph 39.2 of this Article 39.
- 39.2 Any such notice of death, insanity, revocation or termination must be received at the address or one of the addresses (if any) specified for receipt of proxies in, or by way of note to, or in any document accompanying, the notice convening the meeting to which the appointment of the proxy relates (or if no address is so specified, at the Office):
- (a) in the case of a meeting or adjourned meeting, not less than one hour before the commencement of the meeting or adjourned meeting to which the proxy appointment relates;
  - (b) 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, not less than one hour before the commencement of the meeting or adjourned meeting at which the poll was demanded; or
  - (c) in the case of a poll taken more than 48 hours after it was demanded, not less than one hour before the time appointed for the taking of the poll.

### **Transactions**

#### **40. Approval for Relevant Transactions**

If the Board proposes that the Company shall enter into a Relevant Transaction then the Board shall convene a general meeting at which a resolution to approve the Relevant Transaction is proposed as a special resolution. The Company cannot enter into any Relevant Transaction until such transaction has been approved by the Members in general meeting by a special resolution and the Board must procure that any agreement effecting a Relevant Transaction of the Company is conditional upon such approval.

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

#### **41. Number of Directors and Composition**

- 41.1 Unless otherwise determined by ordinary resolution of the Company, the Directors shall be not less than five or more than thirteen in number.
- 41.2 The number of Non-Executive Directors appointed to the Board shall at all times exceed the number of Executive Directors.

**42. Power of Company to Appoint Directors**

Subject to the provisions of these Articles, the Company may by ordinary resolution 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. Each appointment shall be the subject of a separate resolution.

**43. Power of Board to Appoint Directors**

Without prejudice to the power of the Company in general meeting pursuant to any of the provisions of these Articles to appoint any person to be a Director, 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. Any Director so appointed shall hold office only until the next following Annual General Meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

**44. Directors to be Members**

No person shall be eligible to hold office as a Director who is not a Member. If any person who is not already a Member shall be appointed or elected to the Board he shall be deemed to have been duly invited to become a Member under paragraph 3.1 of Article 3 and he shall forthwith comply with paragraph 3.3.2 of Article 3.

**45. Number to Retire by Rotation**

At every Annual General Meeting a minimum of one-third of the current Directors shall retire from office. Where the number of Directors is not three or a number divisible by three, the number of Directors to retire shall be the number which is nearest to and less than one third. If there are less than three Directors they shall all retire.

**46. Identity of Directors to Retire**

46.1 Each Director shall retire at the Annual General Meeting held in the third calendar year following the year in which he was elected or last re-elected by the Company.

46.2 Each Director (other than the Chairman and any director holding an executive office) shall retire at each Annual General Meeting following the ninth anniversary of the date on which he was elected by the Company.

46.3 A Director who retires at any Annual General Meeting shall be eligible for election or re-election unless the Directors otherwise determine not later than the date of the notice of such Annual General Meeting.

**47. Persons Eligible as Directors**

No person other than a Director retiring at the meeting (whether by rotation or otherwise) shall be appointed or reappointed a Director at any general meeting unless he is recommended by the Board, or not less than seven nor more than forty-two clear

days before the day appointed for the meeting, notice executed by one-tenth in number of the Members qualified to vote at the meeting has been given to the Secretary of the intention to propose that person for appointment or reappointment together with notice executed by that person of his willingness to be appointed or reappointed.

**48. Position of Retiring Directors**

A Director who retires (whether by rotation or otherwise) at an Annual General Meeting may, if willing to continue to act, be reappointed. If he is not reappointed, he shall retain office until the end of the meeting.

**49. Vacation of Office by Directors**

Without prejudice to the provisions for retirement by rotation or otherwise contained in these Articles, the office of a Director shall be vacated if:

- (a) he resigns his office by notice in writing delivered to the Office or tendered at a meeting of the Board; or
- (b) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
- (c) he is absent without the permission of the Board from meetings of the Board for twelve consecutive months and the Board resolves that his office is vacated; or
- (d) he becomes bankrupt or compounds with his creditors generally, or
- (e) he is prohibited by law from being a Director; or
- (f) he ceases for any reason to be a Member; or
- (g) he is requested to resign in writing by not less than three-quarters of the other Directors (excluding for this purpose any Directors appointed under Article 43); or
- (h) 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.

**50. Executive Directors**

The Board or any committee authorised by the Board may from time to time appoint one or more Directors as Executive Directors for such period (subject to the provisions of the Statutes) 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 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.

### **Additional Remuneration Expenses and Pensions**

#### **51. Directors' Fees**

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board or any committee authorised by the Board.

#### **52. Additional Remuneration**

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 or otherwise) as the Board or any committee authorised by the Board may in its discretion decide in addition to any remuneration provided for by or pursuant to any other Article.

#### **53. 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.

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

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, connections or dependants of any Director or former Director. No Director or former Director shall be accountable to the Company or the Members for any benefit provided pursuant to this Article 54 and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

### **Directors' Interests**

#### **55. Authorisation of Directors' Interests**

55.1 For the purposes of Section 175 of the Companies Act 2006, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise

to a breach of the duty of a Director under that Section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

55.2 Authorisation of a matter under this Article shall be effective only if:

55.2.1 the matter in question shall have been proposed in writing for consideration at a meeting of the Directors, in accordance with the Board's normal procedures or in such other manner as the Directors may determine;

55.2.2 any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested Director (together the "**Interested Directors**"); and

55.2.3 the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted,

save that if there are insufficient Directors eligible to vote and therefore to form a quorum, Article 70.2 will apply.

55.3 Any authorisation of a matter under this Article shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.

55.4 Any authorisation of a matter under this Article shall be subject to such conditions or limitations as the Directors may determine, whether at the time such authorisation is given or subsequently. and may be terminated by the Directors at any time. A Director shall comply with any obligations imposed on him by the Directors pursuant to any such authorisation.

55.5 A Director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the Directors under this Article and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

## **56. Directors may have interests**

56.1 Subject to the provisions of the Statutes and provided that he has disclosed to the Board the nature and extent of any interest of his in accordance with paragraph 56.5 of Article 56, a Director notwithstanding his office:

56.1.1 may (or a person connected with him may) be a director or other officer of, or employed by, or a party to any contract, transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

- 56.1.2 may (or a person connected with him may) be party to, or otherwise interested in, any contract, transaction or arrangement with a Relevant Company or in which the Company is otherwise interested;
- 56.1.3 may (or a person connected with him may) act (or any firm of which he is a partner, employee or member act) in a professional capacity for any Relevant Company (other than as Auditor) whether or not he is remunerated therefor;
- 56.1.4 may be or become a director of any other company in which the Company does not have an interest if that cannot reasonably be regarded as likely to give rise to a conflict of interest at the time of his appointment as director of that other Company;
- 56.1.5 may have an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;
- 56.1.6 may have an interest, or a transaction or arrangement giving rise to an interest, of which the Director is not aware;
- 56.1.7 may have an interest in any matter authorised under Article 55;
- 56.1.8 may have any other interest authorised by ordinary resolution.
- 56.1A A director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any Relevant Company or for such remuneration, each as referred to in paragraph 56.1 of Article 56 and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

## 56.2 Permitted Interests and Voting

Save as provided in this Article, and whether or not the interest is one which is authorised pursuant to Article 55 or permitted under paragraph 56.1 of this Article 56, a Director shall not be entitled to vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any contract, arrangement or transaction in which he (or a person connected with him) is interested and, if he shall do so, his vote shall not be counted. This prohibition shall not apply to any resolution where that interest arises only from one or more of the following contracts, arrangements, transactions or any other proposal:

- 56.2.1 in which he has an interest of which he is not aware;
- 56.2.2 in which he has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;
- 56.2.3 in which he has an interest only by virtue of interests in debentures or other non- equity securities of the Company, or by reason of any other interest in or through the Company;

- 56.2.4 which involves the giving of any security, guarantee or indemnity to the Director or any other person in respect of (i) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or (ii) a debt or other 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;
- 56.2.5 concerning an offer of debentures or other non-equity securities of or by the Company or any of its subsidiary undertakings (i) in which offer he is or may be entitled to participate as a holder of securities; or (ii) in the underwriting or sub-underwriting of which he is to participate;
- 56.2.6 concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor, employee or otherwise, provided that he (together with persons connected with him) is not the holder of, or beneficially interested in, one per cent or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of the relevant body corporate;
- 56.2.7 concerning the adoption, modification or operation of a pension fund or retirement death or disability benefits 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;
- 56.2.8 for the benefit of employees or former 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;
- 56.2.9 any contract for the purchase or maintenance for any Director or Directors of insurance against any liability;
- 56.2.10 concerning the giving of indemnities in favour of Directors;
- 56.2.11 concerning the funding of expenditure by any Director or Directors on (i) defending criminal, civil or regulatory proceedings or actions against him or them, (ii) in connection with an application to the court for relief, or (iii) defending him or them in any regulatory investigations;
- 56.2.12 concerning the doing of anything to enable any Director or Directors to avoid incurring expenditure as described in paragraph 56.2.11 of this [Article 56](#); and
- 56.2.13 in respect of which his interest, or the interest of Directors generally, has been authorised by Ordinary Resolution.

### 56.3 Directors' Appointments

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 its terms or its termination, as the holder of any office or place of profit with the Company or any other company in which the Company is interested. Where proposals for any such matter are under consideration in respect of two or more Directors, a separate resolution may be put in relation to each Director. 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, variation or termination of his own appointment.

### 56.4 Determination of Entitlement to Vote

If any question shall arise at any meeting of the Board 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 his 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 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 (so far as it is known to him) has not been fairly disclosed to the Board.

### 56.5 Declaration of Interests

56.5.1 The Director shall declare the nature and extent of any interest permitted under Article 56 and not falling within paragraph 56.5.2 of this Article 56, at a meeting of the Directors or in the manner set out in section 184 and 185 of the Companies Act 2006.

56.5.2 No declaration of an interest shall be required by a Director in relation to an interest:

- (a) falling within paragraph 56.1.5, 56.1.6 or 56.1.7 of this Article 56;
- (b) if or to the extent that, the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or
- (c) if, or to the extent that, it concerns the terms of his service contract (as defined in Section 227 of the Companies Act 2006) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these Articles. For the purposes of this Article, a general notice to the Board by a Director to the effect that (a) he is a member of a specified company or firm and is



to be regarded as interested in any contract which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

56.6 For the purposes of this Article

56.6.1 references to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract; and

56.6.2 an interest (whether his own or of a person connected with him) of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

56.7 **Directors' Benefits**

Subject to the provisions of the Statutes and to the appropriate declaration being made by him pursuant to paragraph 56.5 of this Article 56, no Director or proposed Director shall be disqualified by his office from contracting with any Relevant Company with regard to his tenure of, or termination of, any office or place of profit with a Relevant Company, nor shall he be required to account to the Company or the Members for any benefit realised by him pursuant to such contract and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

56.8 A Director may 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 (subject to the provisions of the Companies Acts) and upon such other terms as the Board may decide, and may be paid such extra remuneration for so doing (whether by way of salary, commission or otherwise) as the Board or any committee authorised by the Board may decide, and either in addition to or in lieu of any remuneration provided for by or pursuant to any other Article.

56.9 Subject to the provisions of the Statutes, the Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any contract not properly authorised by reason of a contravention of this Article.

56.10 **Confidential Information**

56.10.1 Subject to paragraph 56.10.2 of this Article 56, if a Director, otherwise than by virtue of his position as Director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required:

- (a) to disclose such information to the Company or to the Directors, or to any Director, officer or employee of the Company; or
- (b) otherwise use or apply such confidential information for the purpose of or in connection with the performance of his duties as a Director.

56.10.2 Where such duty of confidentiality arises out of a situation in which the Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, paragraph 56.10.1 of this Article 56 shall apply only if the conflict falls within paragraph 56.1 of Article 56 above.

56.10.3 This Article is without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this Article 56.

56.11 For the purposes of Article 56, "**Relevant Company**" shall mean:

- (a) the Company;
- (b) a subsidiary undertaking of the Company;
- (c) any holding company of the Company or a subsidiary undertaking of any such holding company; or
- (d) any body corporate in which the Company is otherwise interested.

## 57. Directors' Interests - General

57.1 For the purposes of Articles 55 to 57:

- (a) an interest of a person who is connected with a Director shall be treated as an interest of the Director; and
- (b) Section 252 of the Companies Act 2006 shall determine whether a person is connected with a Director.

57.2 Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director may, and shall if so requested by the Directors take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including without limitation:

- (a) absenting himself from any meetings of the Directors at which the relevant situation or matter falls to be considered; and

- (b) not reviewing documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for him to have access to such documents or information.

57.3 Subject to the provisions of the Statutes, the Company may by Ordinary Resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of Articles 55 to 57.

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

#### **58. General Powers of Company Vested in Board**

Subject to the provisions of the Statutes and 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 58 shall not be limited by any special power given to the Board by any other Article.

#### **59. Agents**

The Board may, by power of attorney or otherwise, appoint any person to be the agent of the Company upon such terms (including terms as to remuneration) as it may decide and may delegate to any person so appointed any of its powers, authorities and discretions (with power to sub-delegate). The Board may remove any person appointed under this Article 59 and may revoke or vary the delegation 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 59 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.

#### **60. 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 60 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.

**61. Official Seals**

The Company may exercise all the powers conferred by the Companies Acts with regard to having official seals, and those powers shall be vested in the Board.

**62. Provision for Employees**

The Board may exercise any power conferred by the Statutes 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.

**63. Honorary Officers**

The Board may from time to time elect Honorary Presidents or Honorary Vice-Presidents, and such other honorary officers as may be thought fit and may determine for what period any such honorary officers shall hold office.

**Proceedings of the Board****64. 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.

**65. Notice of Board Meetings**

Notice of a meeting of Directors shall be deemed to be properly given to a Director if it is given to him personally or by word of mouth or sent to his address given by him to the Company for this purpose. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from the United Kingdom unless such Director has given to the Company his address for this purpose. A Director may waive notice of any meeting either prospectively or retrospectively.

**66. 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 three. 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.

**67. Directors below Minimum through Vacancies**

The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in their number but, if and so long as 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 act for the purpose of filling vacancies or of summoning general meetings of the Company but not for any other purpose.

**68. Appointment of Chairman**

The Board may appoint a Director to be the chairman or the deputy chairman of the Board, and may at any time remove him from that office. Unless he is unwilling to do so, the chairman or failing him the deputy chairman shall act as chairman at every meeting of the Board. But if no chairman or deputy chairman is appointed, or if at any meeting neither the chairman nor any deputy chairman is present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Directors present may choose one of their number to be chairman of the meeting.

**69. 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 for the time being vested in or exercisable by the Board.

**70. Voting**

70.1 Subject to any other provisions of these Articles requiring a different majority, 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.

70.2 If only one Director is eligible to vote on any distribution required under Article 55, the general rule does not apply, and the eligible director may take decisions in relation to the relevant matter without regard to any of the provisions of the Articles relating to Directors' decision-making.

**71. Delegation to Committees**

71.1 The Board may delegate any of its powers, authorities and discretions, including all powers and discretions whose exercise involves, or may involve, the payment of remuneration to, or the conferring of any benefit on, all or any of the Directors, (with power to sub-delegate) to any committee, consisting of such person or persons (whether Directors or not) as it think fit. Any committee so formed may exercise its power to sub-delegate by sub-delegating to any person or persons (whether or not a member or members of the Board or of the committee).

71.2 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 persons 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.

- 71.3 The power to delegate contained in this Article 71 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.

**72. Participation in Meetings by Telephone**

All or any of the members of the Board or any committee of the Board may participate in a meeting of the Board or that committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting then is.

**73. Directors' Written Resolutions**

- 73.1 A Directors' written resolution is adopted when all the Directors entitled to vote on such resolution have:

- (a) signed one or more copies of it, or
- (b) otherwise indicated their agreement to it in writing.

- 73.2 A Directors' written resolution is not adopted if the number of Directors who have signed it is less than the quorum for Directors' meetings.

- 73.3 Once a Directors' written resolution has been adopted, it must be treated as if it had been a resolution passed at a Directors' meeting in accordance with the Articles.

**74. Validity of Acts of Board or Committee**

All acts done by the Board or by any committee or by any person acting as member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or member of the Board or committee or person so acting or that they or any of them were disqualified 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 or entitled and had continued to be a Director or member of the committee.

**Secretary**

**75. Appointment and Removal of the Company Secretary**

Subject to the provisions of the Statutes, the Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them.

## **Seals**

### **76. Use of Seals**

- 76.1 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 set out in the next sentence or as otherwise provided in these Articles, any instrument to which the common seal is applied shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Board for this purpose. The Board may resolve that instruments of a type specified by the Board for the purpose and to which the Company's seal is, or is to be, applied may be signed by any one Director, the Secretary or by some other person appointed for this purpose.
- 76.2 Any instrument signed by one Director and the Secretary or by two Directors or by a Director in the presence of a witness who attests the signature and expressed to be executed by the Company shall have the same effect as if executed under the seal of the Company.

### **77. Inspection of Records**

No Member in his capacity as such shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or by ordinary resolution of the Company.

### **78. Summary Financial Statements**

Subject to the provisions of the Companies Acts, the Company may send (if agreed to by the relevant Member, by electronic communication) summary financial statements to Members instead of copies of its full accounts and reports.

### **79. Communications with Customers and other Stakeholders**

The Board shall ensure that at all times the Company has, and where appropriate its subsidiaries have, a written policy as regards communications with customers and other stakeholders in respect of:

- (a) how the Company will report on its plans and performance in relation to matters such as levels of service, the capital investment programme and the prospects for customer bills; and
- (b) how the Company may seek to determine the views of customers and other stakeholders and how customers and other stakeholders may communicate to the Company their views on these and other matters.

### **80. Service of Notices and Other Documents Service of Notices**

- 80.1 The Company may, subject to and in accordance with the Companies Acts and these Articles, send or supply all types of notices, documents or information to Members by

electronic means and/or by making such notices, documents or information available on a website.

- 80.2 The Company Communications Provisions have effect, subject to the provisions of this Article 80, for the purposes of any provision of the Companies Acts or these Articles that authorises or requires notices, documents or information to be sent or supplied by or to the Company.

**81. Members Resident Abroad**

Subject to the Statutes, any Member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be served upon him shall be entitled to have notices served upon him at that address but, unless he does so, the Company shall not be required to send notices, documents or information to such Member.

**82. When Notice Deemed Served**

- 82.1 Any notice, document, or other information which is sent or supplied by the Company in hard copy form or in electronic form but to be delivered other than by electronic means, and which is sent by pre-paid post and properly addressed, shall be deemed to have been received by the intended recipient at the expiration of 24 hours (or, where first class mail is not employed, 48 hours) after the time it was posted, and, in proving such receipt, it shall be sufficient to show that such notice, document or information was properly addressed, prepaid and posted.
- 82.2 Any notice, document or information which is sent or supplied by the Company by electronic means shall be deemed to have been received by the intended recipient 24 hours after it was transmitted, and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed.
- 82.3 Any notice, document or information which is sent or supplied by the Company by means of a website shall be deemed to have been received when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.
- 82.4 Any notice or other document not sent by post but left by the Company at a registered address shall be deemed to have been served or delivered on the day it was so left. Any notice or other document served or delivered by the Company by any other means authorised in writing by the Member concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose.
- 82.5 The provisions of this Article 82 shall have effect in place of the Company Communications Provisions relating to deemed delivery of notices, documents or information.



**83. Notice When Post Not Available**

If at any time the Company is unable to give notice by post in hard copy form of a general meeting, such notice shall be deemed to have been given to all Members entitled to receive such notice in hard copy form if such notice is sent to Members by electronic means and it is made available to Members via the Company's website from the date of such advertisement until the conclusion of the meeting or any adjournment thereof. A confirmatory hard copy of the notice shall be sent by post to such Members if at least seven days prior to the meeting the posting of notices again becomes practicable.

**84. Signature or authentication of documents sent by electronic means**

Where these Articles require a notice or other document to be signed or authenticated by a Member or other person then any notice or other document sent or supplied in electronic form is sufficiently authenticated in any manner authorised by the Company Communication Provisions or in such manner as may be approved by the Board. The Board may designate mechanisms for validating any such notice or other document, and any such notice or other document not so validated by use of such mechanisms shall be deemed not to have been received by the Company.

**85. Winding Up**

Every Member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a Member or within one year after he ceases to be a Member for payment of the debts and liabilities of the Company contracted before he ceases to be a Member and of the costs, charges and expenses of winding up and for the adjustment of the rights of contributories among themselves such amount as may be required, not exceeding one pound.

**86. Indemnity**

86.1 Subject to the provisions of and so far as may be consistent with the Statutes and any other applicable law, every Director and officer of the Company and of each of the Associated Companies of the Company shall be indemnified by the Company out of its own funds against:

- (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any Associated Company of the Company other than:
  - (i) any liability to the Company or any Associated Company; and
  - (ii) any liability of the kind referred to in Section 234(3) of the Companies Act 2006; and
- (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported

exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office.

- 86.2 Subject to the Companies Acts the Company may indemnify a Director of the Company and any Associated Company of the Company if it is the trustee of an occupational pension scheme (within the meaning of Section 235(6) of the Companies Act 2006).
- 86.3 Where a Director or officer is indemnified against any liability in accordance with paragraph 86.1 of this Article 86, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto.
- 86.4 In this Article 86 "**Associated Company**" shall have the meaning given thereto by Section 256 of the Companies Act 2006.
- 86.5 Without prejudice to paragraph 86.1 of this Article 86 above the Directors shall have power to purchase and maintain insurance for or for the benefit of any person who is or was at any time a Director or officer of any Relevant Company (as defined in paragraph 86.6 of this Article 86 below) or who is or was at any time a trustee of any pension fund or employees' incentive scheme in which employees of any Relevant Company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by him in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' incentive scheme (and all costs, charges, losses, expenses and liabilities incurred by him in relation thereto).
- 86.6 For the purpose of paragraph 86.5 of this Article 86 above "**Relevant Company**" shall mean the Company, or any other body, whether or not incorporated, in which the Company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any subsidiary undertaking of the Company or of such other body.
- 86.7 Subject to the provisions of and so far as may be permitted by the Companies Acts, the Company:
- (a) may provide a Director or officer of the Company or any Associated Company of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or an Associated Company of the Company or in connection with any application for relief under the provisions mentioned in Section 205(5) of the Companies Act 2006; and
  - (b) may do anything to enable any such Director or officer to avoid incurring such expenditure.
- 86.8 The terms set out in Section 205(2) of the Companies Act 2006 shall apply to any provision of funds or other things done under paragraph 86.7 of this Article 86.

86.9 Subject to the provisions of and so far as may be permitted by the Companies Acts, the Company:

- (a) may provide a Director or officer of the Company or any Associated Company of the Company with funds to meet expenditure incurred or to be incurred by him in defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or any Associated Company of the Company; and
- (b) may do anything to enable any such Director or officer to avoid incurring such expenditure.

86.10 In paragraphs 86.7 to 86.9 of this Article 86 "**Associated Company**" shall have the meaning given thereto by Section 256 of the Companies Act 2006.