

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

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INTRODUCTION

1 INTERPRETATION

1.1 The following definitions and rules of interpretation apply in these Articles

Act means the Companies Act 2006

Appointor has the meaning given in article 13.1

Articles means the company's articles of association for the time being in force

Business Day means any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business

Controlling Member means a registered holder for the time being of not less than 75% in nominal value of the equity share capital of the company from time to time

Eligible Director has the meaning given in article 3.3

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

1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.

1.5 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as it is in force on the date when these Articles become binding on the company.

1.6 A reference to a statute or statutory provision shall include all subordinate legislation made as at the date on which these Articles become binding on the company under that statute or statutory provision.

1.7 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 Name of company to be confirmed.

- 1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.9 The Model Articles shall apply to the company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.10 Articles 7, 8, 9(1), 11, 13, 14, 15, 17, 18, 44(2) and 52 of the Model Articles shall not apply to the company.
- 1.11 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors)" before the words "properly incur".
- 1.12 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1.13 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".
- 1.14 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

DIRECTORS

2 DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 2.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 3.
- 2.2 If:
 - 2.2.1 the company only has one director for the time being; and
 - 2.2.2 no provision of the Articles requires it to have more than one director,

then the general rule does not apply and the director may (for so long as he remains the sole director) take decisions without regard to any of the provisions of the Articles relating to directors' decision-making.

3 UNANIMOUS DECISIONS

- 3.1 A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 3.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 3.3 References in the Articles to **Eligible Directors** are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting (but excluding any director whose vote is not to be counted in respect of that particular matter).
- 3.4 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

4 CALLING A DIRECTORS' MEETING

- 4.1 Any director may call a directors' meeting by giving not less than [three Business Days'] notice of the meeting (or such lesser notice as all the directors may agree) to the directors.

5 QUORUM FOR DIRECTORS' MEETINGS

- 5.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on except a proposal to call another meeting.

- 5.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors and unless otherwise fixed it is two provided that:

5.2.1 if and so long as there is only one director the quorum shall be one; and

5.2.2 for the purposes of any meeting held pursuant to article 8 to authorise a director's conflict, if there is only one director besides the director concerned and directors with a similar interest, the quorum shall be one.

- 5.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision:

5.3.1 to appoint further directors; or

5.3.2 to call a general meeting so as to enable the members to appoint further directors.

6 CASTING VOTE

- 6.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote.

7 DIRECTORS' INTERESTS ²

- 7.1 Except to the extent that article 8 applies or the terms of any authority given under that article otherwise provide, and without prejudice to such disclosure as is required under the Act, a director may be party to, or otherwise interested in, any existing or proposed transaction or arrangement with the company and shall be entitled to participate in the decision-making process for quorum and voting purposes on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty that conflicts or may conflict with the interest of the company.

8 DIRECTORS' CONFLICTS OF INTEREST ³

- 8.1 Subject to the provisions of the Act and provided that he has disclosed to the other directors the nature and extent of any material interest of his, a director may, notwithstanding his office or that, without the authorisation conferred by this article 8.1, he would or might be in breach of his duty under the Act to avoid conflicts of interest, be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any undertaking in the same group as the company, or promoted by the company or by any undertaking in the same group as the company, or in which the company or any undertaking in the same group as the company is otherwise interested.

² This article deals with "transactional conflicts" by providing that the directors are entitled to vote and count in the quorum on matters in which they are interested, subject to the director making the appropriate disclosure under article 8.

³ This article confers a standing authority for directors to be directors of other group companies. In the absence of this provision, the dual loyalty of a director would be a "situational conflict" and require authorisation to enable the director to continue.

- 8.2 No director shall:
- 8.2.1 by reason of his office be accountable to the company for any benefit which he derives from any office or employment, or from any transaction or arrangement, or from any interest in any undertaking, that is authorised under article 8.1 (and no such benefit shall constitute a breach of the duty under the Act not to accept benefits from third parties, and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit);
 - 8.2.2 be in breach of his duties as a director by reason only of his excluding himself from the receipt of information, or from participation in decision-making or discussion (whether at meetings of the directors or otherwise), that will or may relate to any office, employment, transaction, arrangement or interest that is authorised under article 8.1; or
 - 8.2.3 be required to disclose to the company, or use in relation to the company's affairs, any confidential information obtained by him in connection with any office, employment, transaction, arrangement or interest that is authorised under article 8.1 if his doing so would result in a breach of a duty or obligation of confidence owed by him in that connection.
- 8.3 A general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified, and an interest 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.
- 8.4 The directors may, if the quorum and voting requirements set out below are satisfied, authorise any matter that would otherwise involve a director breaching his duty under the Act to avoid conflicts of interest, and any director (including the director concerned) may propose that the director concerned be authorised in relation to any matter the subject of such a conflict provided that:
- 8.4.1 such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and resolved upon by the directors under the provisions of the Articles, except that the director concerned and any other director with a similar interest:
 - (a) shall not be counted for quorum purposes as participating in the decision-making process while the conflict is under consideration;
 - (b) may, if the other directors so decide, be excluded from participating in the decision-making process while the conflict is under consideration; and
 - (c) shall not vote on any resolution authorising the conflict except that, if any such director does vote, the resolution will still be valid if it would have been agreed to if his votes had not been counted; and
 - 8.4.2 where the directors give authority in relation to such a conflict:
 - (a) they may (whether at the time of giving the authority or at any time or times subsequently) impose such terms upon the director concerned and any other director with a similar interest as they may determine, including, without limitation, the exclusion of that director and any other director with a similar interest from the receipt of information, or participation in any decision-making or discussion (whether at meetings of the directors or otherwise) related to the conflict;
 - (b) the director concerned and any other director with a similar interest will be obliged to conduct himself in accordance with any terms imposed from time to time by the directors in relation to the conflict but will not be in breach of his duties as a director by reason of his doing so;

- (c) the authority may provide that, where the director concerned and any other director with a similar interest obtains information that is confidential to a third party, the director will not be obliged to disclose that information to the company, or to use the information in relation to the company's affairs, where to do so would amount to a breach of that confidence;
- (d) the authority may also provide that the director concerned or any other director with a similar interest shall not be accountable to the company for any benefit that he receives as a result of the conflict;
- (e) the receipt by the director concerned or any other director with a similar interest of any remuneration or benefit as a result of the conflict shall not constitute a breach of the duty under the Act not to accept benefits from third parties;
- (f) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
- (g) the directors may withdraw such authority at any time.

8.5 Subject to article 8.6, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman, whose ruling in relation to any director other than the chairman is to be final and conclusive.

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

9 RECORDS OF DECISIONS TO BE KEPT

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

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

10 NUMBER OF DIRECTORS

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

11 APPOINTMENT AND REMOVAL OF DIRECTORS

11.1 A Controlling Member may at any time by notice in writing to the company:

11.1.1 appoint any person or persons as a director or directors of the company; and

11.1.2 remove any director or directors from office.⁴

11.2 Any appointment or removal pursuant to article 11.1 shall take effect when it is delivered to the registered office of the company or, if it is produced at a meeting of the directors, when it is so produced or, if sent by electronic means to an address generally used by the company, when it is sent such removal shall be without prejudice to any claim that a director may have under any contract between him and the company. If the company has no directors and, by virtue of death or

⁴ This article enables the Council as a controlling member to appoint or remove from office a director by written notice.

bankruptcy, no member is capable of acting, the transmittee of the last member to have died or to have had a bankruptcy order made against him has the right, by notice in writing, to appoint a person to be a director.

12 TERMINATION OF A DIRECTOR'S APPOINTMENT

12.1 A person ceases to be a director as soon as:

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

12.1.2 a bankruptcy order is made against that person;

12.1.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;

12.1.4 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;

12.1.5 notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;

12.1.6 notification of the director's removal is received by the company from a Controlling Member pursuant to article 11.1; or

12.1.7 he is otherwise duly removed from office.

13 APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS ⁵

13.1 Subject to shareholder approval, any director (**Appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to

13.1.1 exercise that director's powers; and

13.1.2 carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's Appointor.

13.2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the Appointor, or in any other manner approved by the directors.

13.3 The notice must:

13.3.1 identify the proposed alternate; and

13.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

14 RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

14.1 Subject to shareholder approval, an alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's Appointor.

⁵ For further consideration

- 14.2 Except as the Articles specify otherwise, alternate directors:
- 14.2.1 are deemed for all purposes to be directors;
 - 14.2.2 are liable for their own acts and omissions;
 - 14.2.3 are subject to the same restrictions as their Appointors; and
 - 14.2.4 are not deemed to be agents of or for their Appointors.

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.

- 14.3 A person who is an alternate director but not a director:
- 14.3.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating);
 - 14.3.2 may participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate); and
 - 14.3.3 shall not be counted as more than one director for the purposes of article 14.3.1 and article 14.3.2.
- 14.4 A director who is also an alternate director is entitled, in the absence of his Appointor, to a separate vote on behalf of his Appointor, in addition to his own vote on any decision of the directors (provided that his Appointor is an Eligible Director in relation to that decision).
- 14.5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as his Appointor but shall not be entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's Appointor's remuneration as the Appointor may direct by notice in writing made to the company.

15 TERMINATION OF ALTERNATE DIRECTORSHIP

- 15.1 An alternate director's appointment as an alternate terminates:
- 15.1.1 when the alternate's Appointor revokes the appointment by notice to the company in writing specifying when it is to terminate; or
 - 15.1.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director; or
 - 15.1.3 on the death of the alternate's Appointor; or
 - 15.1.4 when the alternate's Appointor's appointment as a director terminates; or
 - 15.1.5 when the shareholder withdraws its approval to the alternate acting as alternate director.

SHARES

DECISION MAKING BY SHAREHOLDERS

16 POLL VOTES

- 16.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.

- 16.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

17 PROXIES

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

ADMINISTRATIVE ARRANGEMENTS

18 MEANS OF COMMUNICATION TO BE USED

- 18.1 Subject to article 18.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- 18.1.1 if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - 18.1.2 if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
 - 18.1.3 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
 - 18.1.4 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 at the time the notice, document or other information is left at the address; or
 - 18.1.5 if sent or supplied by email, one hour after the notice, document or information was sent or supplied; or
 - 18.1.6 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; or
 - 18.1.7 if deemed receipt under the previous paragraphs of this article 18.1 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 am 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.
- 18.2 To prove service, it is sufficient to prove that:
- 18.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
 - 18.2.2 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or

18.2.3 if sent by email, the notice was properly addressed and sent to the email address of the recipient.

19 INDEMNITY

19.1 Subject to article 19.2 and shareholder approval, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

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

(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 (or any associated company's) activities as 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 (or any associated company's) affairs, and

19.1.2 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 19.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

19.2 This article does not authorise any indemnity which:

19.2.1 would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law; and/or

19.2.2 relates to loss or damage or other legal expenses arising from:

(a) fraud, dishonesty or a criminal offence, or other deliberate wrongdoing or recklessness on the part of the relevant officer;

(b) liability in respect of losses certified by the company's external auditor as caused by wilful misconduct on the part of the relevant officer or where unlawful expenditure has been knowingly or recklessly authorised by the relevant officer, and/or

(c) circumstances in which the relevant officer has not acted in good faith.

19.3 In this article:

19.3.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

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

20 INSURANCE

- 20.1 Subject to member approval, 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.
- 20.2 In this article:
- 20.2.1 a **relevant officer** means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor);
- 20.2.2 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, any associated company or any pension fund or employees' share scheme of the company or associated company, provided always that the relevant officer has acted in good faith and/or such loss has not arisen as a result of fraud, dishonesty or a criminal offence, or other deliberate wrongdoing or recklessness on the part of the relevant officer; and
- 20.2.3 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate.