

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION OF COLUMBIA-STAVER LIMITED (THE "COMPANY")**  
**COMPANY NUMBER: 01158147**

**1 INTERPRETATION**

1.1 In these Articles, unless the context otherwise requires, the following definitions apply:

<b>"Act"</b>	the Companies Act 2006;
<b>"Articles"</b>	the Company's articles of association for the time being in force;
<b>"business days"</b>	any day (other than a Saturday, Sunday or a bank or public holiday in the United Kingdom) on which clearing banks in the city of London are generally open for business;
<b>"Connected Person"</b>	has the meaning given in section 1122 Corporation Tax Act 2010;
<b>"Director"</b>	a director of the Company from time to time;
<b>"Eligible Director"</b>	a Director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter);
<b>"Fair Value"</b>	means as between a willing buyer and a willing seller (but without discount for minority interests in relation to shares) market value, as assessed by an independent valuer or accountant with relevant experience in assessing the relevant market value of the item being valued;
<b>"Model Articles"</b>	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 on which these Articles become binding on the Company and as attached to these Articles.



become binding on the Company and as attached to these Articles.

**“Shareholders’ Agreement”**

the agreement dated 8 April 2015 entered into by and between the Shareholders of the Company and the Company.

- 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 the Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an “Article” is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
  - 1.5.1 any subordinate legislation from time to time made under it; and
  - 1.5.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

## **2 MODEL ARTICLES**

- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles. If any provisions of these Articles conflict with any provisions of the Model Articles, these Articles shall prevail.

## **3 DIRECTORS – DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

- 3.1 The general rule about decision making is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with Article 4.1.
- 3.2 If the Company has only one director for the time being 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 these Articles relating to directors’ decision making.
- 3.3 Paragraphs 4 and 7 of the Model Articles shall not apply to the Company.

#### **4 DIRECTORS – UNANIMOUS DECISIONS**

- 4.1 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.
- 4.2 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.
- 4.3 A decision may not be taken in accordance with this Article if the eligible directors would not have formed a quorum at such a meeting.
- 4.4 Paragraph 8 of the Model Articles shall not apply to the Company.

#### **5 DIRECTORS – QUORUM**

- 5.1 Subject to Article 3.2 and 5.2, the quorum for the transaction of business at a meeting of directors may be fixed from time to time by a decision of the directors but it must never be less than two eligible directors, and unless otherwise so fixed, it is two eligible directors.
- 5.2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 7 to authorise a director's conflict of interest, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.
- 5.3 Paragraph 11(2) of the Model Articles shall not apply to the Company.

#### **6 DIRECTORS – CASTING VOTE**

- 6.1 If the number of votes for and against a proposal at a meeting of directors is equal, the chairman or other director chairing the meeting shall have a casting vote.
- 6.2 Article 6.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, neither the chairman nor any other Director present at the meeting is an eligible director for the purposes of that meeting (or part of a meeting).
- 6.3 Paragraph 13 of the Model Articles shall not apply to the Company.

#### **7 DIRECTORS - POWERS TO AUTHORISE CONFLICTS OF INTEREST**

- 7.1 The directors may authorise, to the fullest extent permitted by law, any matter which would otherwise result in a director infringing his duty 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 and which may reasonably be regarded as likely to give rise to a conflict of interest provided that, for this purpose, the director in question and any other interested Director are not counted in the quorum at any board meeting at which such matter is authorised and it is agreed to without their voting or would have been agreed to if their votes had not been counted.

7.2 Any authorisation given under Article 7.1 may (whether at the time of giving the authorisation or subsequently) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the conflict so authorised.

7.3 Where the directors give authority under Article 7.1:

7.3.1 they may (whether at the time of giving the authority or subsequently, but at all times acting proportionately) require that the relevant director is excluded from the receipt of information, participation in discussion and/or the making of decisions (whether at directors' meetings or otherwise) related to the matter that is the subject of the authorisation and impose upon the relevant director such other terms for the purpose of the authorisation as, acting reasonably, they think fit and:

- (a) the relevant director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the authorisation; and
- (b) the relevant director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Companies Act 2006 provided he acts in accordance with such terms;

7.3.2 they may provide that where the relevant director obtains (otherwise than through his position as a director of the Company) information that is confidential to a third party, the director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence;

7.3.3 the directors may revoke or vary the authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority.

7.4 A director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any matter which has been authorised by the directors pursuant to Article 7.1 (subject in any case to any limits or conditions to which such approval was subject).

## **8 DIRECTORS – TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

8.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

8.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

8.1.2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;

8.1.3 shall be entitled to vote at a meeting of directors or of a committee of the directors, or participate in any unanimous decision, in respect of such transaction or arrangement or such proposed transaction or arrangement.

8.2 Paragraphs 14(1) to 14(4) inclusive of the Model Articles shall not apply to the Company.

## **9 DIRECTORS – METHODS OF APPOINTING DIRECTORS**

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

9.2 For the purposes of Article 9.1, where two or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

9.3 Paragraphs 17(2) and 17(3) of the Model Articles shall not apply to the Company.

## **10 DIRECTORS – ALTERNATE DIRECTORS**

10.1 Any director (the “appointor”) may appoint as an alternate any other director or any other person approved by resolution of the directors to:

10.1.1 exercise that director’s powers; and

10.1.2 carry out that director’s responsibilities

in relation to the taking of decisions by the directors in the absence of the alternate’s appointor.

10.2 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.

10.3 The notice must:

10.3.1 identify the proposed alternate, and

10.3.2 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.

10.4 An alternate director may act as an 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.

10.5 Except as the Articles specify otherwise, alternate directors:

10.5.1 are deemed for all purposes to be directors;

10.5.2 are liable for their own acts and omissions;

10.5.3 are subject to the same restrictions as their appointors; and

10.5.4 are not deemed to be agents of or for their appointors,

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

10.6 A person who is an alternate director but not a director:

10.6.1 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);

10.6.2 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

10.6.3 shall not be counted as more than one director for the purposes of Articles 10.6.1 and 10.6.2.

10.7 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision) but shall not count as more than one director for the purposes of determining whether a quorum is present.

10.8 An alternate director is not 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 to the Company.

10.9 An alternate director's appointment as an alternate terminates:

10.9.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

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

10.9.3 on the death of the alternate's appointor; or

10.9.4 when the alternate's appointor's appointment as a director terminates.

## **11 DIRECTORS' EXPENSES**

11.1 The Company may pay any reasonable expenses which the directors (including alternate directors and, if it has one, the secretary (but so that nothing in this Article 11.1 shall require the Company to have a secretary) properly incur in connection with their attendance at:

11.1.1 meetings of directors or committees of directors;

11.1.2 general meetings; or

11.1.3 separate meetings of any holders of any class of shares or of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

11.2 Paragraph 20 of the Model Articles shall not apply to the Company.

## **12 SECRETARY**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit, and from time to time remove such person and, if the directors so decide, appoint a replacement in each case by a decision of the directors. Nothing in this Article 12 shall require the Company to have a secretary.

## **13 TRANSMITTEES BOUND BY PRIOR NOTICES**

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name, or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under paragraph 28(2) of the Model Articles, has been entered in the register of members. Paragraph 29 of the Model Articles shall not apply to the Company.

## **14 CLASSIFICATION AND RIGHTS OF SHARES**

14.1 The share capital of the Company shall be divided into:

14.1.1 'A' Ordinary Shares; and

14.1.2 'B' Ordinary Shares.

14.2 Each class of share shall confer on each holder the right to receive notice of and to attend and speak at all general meetings of the company.

14.3 Votes may be exercised:

14.3.1 on a show of hands by every shareholder with a right to vote who (being an individual) is present in person or by proxy or (being a corporation) is present

by a representative or by a proxy (in which case, each shareholder with a right to vote holding shares with votes shall have one vote); or

14.3.2 on a poll by every shareholder with a right to vote who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case, each shareholder with a right to vote holding shares with votes shall have one vote for each such share held).

## **15 PROXIES**

15.1 Proxies may only be validly appointed by a notice in writing (a "**proxy notice**") which:

15.1.1 states the name and address of the shareholder appointing the proxy;

15.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

15.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and

15.1.4 is delivered to the Company in accordance with the Articles not less than 24 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

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.

15.2 Paragraph 45(1) of the Model Articles shall not apply to the Company.

## **16 CLASS RIGHTS**

No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy or (being a corporation) by a duly authorised representative. For the purpose of this article, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.

## **17 NOTICES**

17.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

17.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from



outside the United Kingdom to an address within the United Kingdom if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending (and the sending party receives a confirmation of delivery from the courier service provider));

17.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;

17.1.3 if properly addressed and sent or supplied by electronic means, two hours after the document or information was sent or supplied; and

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

For the purpose of this Article, no account shall be taken of any part of a day that is not a business day.

17.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

## **18 DIRECTORS' INDEMNITY**

18.1 Subject to the provisions of the Act (but so that this Article 18.1 does not extend to any matter insofar as it would cause this Article or any part of it to be void thereunder), the Company:

18.1.1 shall, without prejudice to any indemnity to which the person concerned may otherwise be entitled, indemnify any director or other officer (other than an auditor) of the Company and any associated company against all losses and liabilities incurred by him in the actual or purported execution, or discharge, of his duties in relation to:

- a) the Company;
- b) any associated company; and
- c) any occupational pension scheme of which the Company or any associated company is a trustee

including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company, any associated company or any occupational pension scheme of which the Company or any associated company is a trustee; and

18.1.2 may, without prejudice to the provisions of Article 18.1.1, purchase and maintain insurance for any person who is or was a director or officer of the company or any associated company against any loss or liability which he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust or otherwise in relation to the Company, any associated company, any employees' share scheme of the Company or of any associated company or any occupational pension scheme of which the Company or any associated company is a trustee

where for the purposes of this Article 18.1, companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

18.2 Paragraphs 52 and 53 of the Model Articles shall not apply to the Company.

## **19 TRANSFERS OF SHARES GENERALLY**

19.1 For the purpose of Articles 19 and 20 **"Shareholder"** shall include both the registered and beneficial owner of any Share, **"Share"** shall include any interest therein and **"Transfer"** means, in relation to any Share, to sell, transfer, assign, declare a trust in respect of, create any encumbrance over or security interest in or otherwise to dispose of.

19.2 It shall be a condition of all Transfers of Shares by any Shareholder in accordance with the provisions of these Articles that any transferee who is not already a party to any shareholders' agreement between the existing Shareholders of the Company (a **"Shareholders' Agreement"**) duly executes and delivers to the other Shareholders and the Company a deed of adherence under such Shareholders' Agreement. Each Shareholder hereby appoints the Company as his agent solely for the purposes of entering into deeds of adherence with such aforesaid third parties.

19.3 Any Shareholder who is an individual may Transfer any Share to the trustees of a pension fund set up wholly or partly for the benefit of such Shareholder provided that prior to such Transfer the said trustees shall give an undertaking to the Company that if the pension fund ceases to exist or to be for the benefit of such Shareholder such Share shall be transferred back to such Shareholder.

19.4 Any Shareholder who is an individual may Transfer any Share to the trustees of a family settlement set up wholly or partly for the benefit of such Shareholder and/or the spouse and/or children or grandchildren of such Shareholder (including adopted children or grandchildren) and of which the said Shareholder is a settlor, provided that prior to such Transfer the said trustees shall give an undertaking to the Company that if the settlement ceases to exist or to be for the benefit of such Shareholder or the Shareholder's family such Share shall be transferred back to such Shareholder.

19.5 Any trustees of a family settlement set up wholly or partly for the benefit of any Shareholder and/or relatives of such Shareholder (as referred to in article 19.4) and of which the Shareholder is a settlor may Transfer any Share to any beneficiary of such settlement, provided that prior to such Transfer the said trustees shall give an undertaking to the Company that if the settlement ceases to exist or to be for the benefit

of such Shareholder or the Shareholder's family such Share shall be transferred back to such Shareholder.

19.5A Any Shareholder who is a body corporate may Transfer any Share to any other member of its Group, subject to the Directors (acting reasonably) giving their prior written consent to such Transfer, provided that prior to such Transfer the transferee shall give an undertaking to the Company that if it ceases to be a member of the same Group as the transferor such Shares shall be transferred back to the transferor or (subject to the Directors (acting reasonably) giving their prior written consent to such Transfer) to another member of the transferor's Group.

19.5B Any Shareholder who is an individual may provide in a will or other testamentary disposition that his Shares shall Transfer to the spouse and/or children or grandchildren of such Shareholder (including adopted children or grandchildren).

19.6 Without prejudice to articles 20.3 to 20.5 inclusive or 21, a Shareholder shall be entitled to Transfer any of his Shares in accordance with the following provisions of this article:

19.6.1 Before Transferring any Shares the Shareholder proposing to Transfer the same (hereinafter called the "**Proposing Transferor**") shall give a notice in writing (hereinafter called a "**Transfer Notice**") to the Company that he desires to Transfer the same. The Transfer Notice shall constitute the Company as his agent for the sale of such number of Shares as shall be specified in such Transfer Notice (together with all rights then attached thereto) at the Prescribed Price and otherwise on the terms of these Articles (each as hereinafter defined) to any Shareholder and shall not be revocable except with the consent of the Directors.

19.6.2 If not more than 20 business days before the date on which the Transfer Notice was given, the Proposing Transferor and the Directors agreed a price per Share as representing the Fair Value thereof or as being acceptable to the Proposing Transferor and not more than such Fair Value, then such price shall be the "**Prescribed Price**". Otherwise, upon the giving of the Transfer Notice the Directors shall request an independent chartered accountant agreed upon by the Proposing Transferor and all the other Shareholders (and in default of such agreement within five business days, as nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales) to determine the sum per Share considered by such accountant to be in his opinion the Fair Value thereof (on the aforesaid basis) as at the said date and the sum per Share so determined shall be the Prescribed Price. Such independent accountant shall act at the cost and expense of the Company as expert and not as arbitrator and his determination shall be final and binding on all persons concerned.

19.6.3 Subject to article 19.6.5 all Shares which are subject to any Transfer Notice ("**Sale Shares**") shall, no later than 10 business days after a Transfer Notice has been served, be offered ("**First Offer**") by notice in writing to all Shareholders holding Shares (other than the Proposing Transferor, any other Shareholder who has given a Transfer Notice in respect of any Shares or any of their respective permitted transferees) for purchase at the Prescribed Price

on the terms that, in case of competition therefor, the Sale Shares so offered shall be sold to the accepting Shareholders in proportion (as nearly as may be without involving fractions or increasing the number to be sold to any Shareholder beyond that applied for by him) to their existing holding of Shares ("**Relevant Proportion**"). Such offer shall specify a time (not being less than 10 business days) within which it must be accepted or in default of acceptance will lapse ("**First Offer Period**").

- 19.6.4 If, at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall (within 5 business days of the end of the First Offer Period) offer the unallocated Sale Shares ("**Surplus Shares**") to those Shareholders who have already accepted Sale Shares ("**Second Offer**"). The Directors shall invite those Shareholders to apply in writing within the period from the date of the second offer to the date 10 business days after the date of the Second Offer (inclusive) ("**Second Offer Period**") for the maximum number of Surplus Shares they wish to buy. If, at the end of the Second Offer Period, the number of Surplus Shares applied for exceeds the number of Surplus Shares, the Directors shall allocate the Surplus Shares to each Shareholder who applied for them in the Relevant Proportion as between those Shareholders (including any Sale Shares already applied for in the First Offer). Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Shareholder of more than the maximum number of Surplus Shares which he has stated he is willing to buy.
- 19.6.5 If the Company shall find Shareholders (hereinafter called "**Purchasers**") to purchase part or all of the Sale Shares concerned it shall give notice in writing thereof to the Proposing Transferor that he shall be bound, upon payment of the Prescribed Price, to transfer such Sale Shares to the respective Purchasers. Every such notice shall state the name and address of the Purchaser and the number of Sale Shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors being not less than three nor more than 10 business days after the date of such notice.
- 19.6.6 If a Proposing Transferor shall fail or refuse to Transfer any Sale Shares to a Purchaser hereunder the Directors may execute and deliver on his behalf (and such Proposing Transferor hereby appoints each Director of the Company by way of security for the performance of its obligations under articles 19 and 21 of these Articles as his attorney on his behalf to do all things and execute all documents necessary to effect such Transfer or sale) the necessary Transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchaser to be registered as the holder of such Sale Shares. The receipt of the Company for the purchase money shall be good discharge to the relevant Purchaser (who shall not be bound to see to the application thereof) and after any Purchaser has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.
- 19.6.7 If the Company shall not find Purchasers willing to purchase part or all of the Sale Shares which are the subject of the Transfer Notice and gives notice in

writing thereof to the Proposing Transferor, or if the Company shall give to the Proposing Transferor notice in writing that the Company has no prospect of finding Purchasers for such Sale Shares the Proposing Transferor shall be at liberty at any time thereafter up to the expiration of 40 business days after any such notice has been provided to the Proposing Transferor to Transfer any unallocated Sale Shares to any person on a bona fide sale at any price per Sale Share being not less than the Prescribed Price PROVIDED THAT the Directors may require to be satisfied that such Sale Shares are being Transferred in pursuance of the bona fide sale for the consideration stated in the Transfer without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied may refuse to register the instrument of transfer and may refuse to register a transfer of such Sale Shares to any competitor of the Company.

## **20 COMPULSORY TRANSFER NOTICES**

20.1 A Shareholder is deemed to have served a Transfer Notice under article 19.6.1 immediately before any of the following events of default:

20.1.1 Without prejudice to Article 19.2 to 19.6 (inclusive), his retirement or serious ill health (being a Shareholder suffering from an illness or disability certified by a general medical practitioner as rendering the Shareholder incapable of carrying out his role as a Shareholder for the foreseeable future); or

20.1.2 a bankruptcy order being made against him, or an arrangement or composition being made with his creditors, or where he otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors; or

20.1.3 upon insolvency; or

20.1.4 he commits a material breach of any obligation under these Articles and fails to remedy such breach within 14 business days of notice to remedy the breach being served by all the other Shareholders; or

20.1.5 a resolution for its winding up is made, or an arrangement or composition with its creditors or an application to a court of competent jurisdiction for protection from its creditors or an administration or winding-up order is made or an administrator or receiver is appointed; or

20.1.6 he is guilty of any fraud; or

20.1.7 he is a Bad Leaver as defined in clause 12.2 of the Shareholders' Agreement.

20.2 The deemed Transfer Notice has the same effect as a Transfer Notice, except that:

20.2.1 the deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the Shares and the parties shall refer the question of a valuation to the Company's accountants;

20.2.2 the accountants are required to determine the Fair Value for the Sale Shares;

- 20.2.3 the seller does not have a right of withdrawal following a valuation; and
- 20.2.4 on the completion of any sale in accordance with this article, the buyer is not required to procure the discharge of any security given by the seller or to procure the release of any debts of the Company to him.
- 20.3 A person entitled to any Shares in consequence of the insolvency or bankruptcy of a Shareholder shall be bound at any time, if and when required so to do in writing by Shareholders (not including such person) together holding not less than 50 per cent in nominal value of the Shares then in issue held by such Shareholders, to give a Transfer Notice in respect of such Shares and the provisions of article 19.6 shall apply in respect thereof.
- 20.4 For the purpose of determining whether circumstances have arisen whereby a Transfer Notice may be required to be given hereunder or whether or not a Shareholder is entitled to Transfer Shares under article 19.6 the Directors may from time to time require any Shareholder or the legal personal representatives of any deceased Shareholder or the trustee in bankruptcy of any Shareholder or any person named as transferee in any transfer lodged for registration, to furnish to the Company such information and evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the reasonable satisfaction of the Directors within a reasonable time after request the Directors shall be entitled to refuse to register any Transfer in question or, as the case may be, Shareholders together holding not less than 50 per cent in nominal value of the Shares held by such Shareholders may require by notice in writing that a Transfer Notice be given in respect of the Shares concerned.
- 20.5 In any case where Shareholders together holding not less than 50 per cent in nominal value of the Shares have in accordance with this article required a Transfer Notice to be given in respect of any Shares and such Transfer Notice is not duly given within a period of 20 business days thereafter, such Transfer Notice shall be deemed to have been given on the expiration of the said period.

## 21 ACQUISITION OF CONTROL

### 21.1 Compulsory Acquisition ("Drag Along")

- 21.1.1 If a bona fide arm's length offer (whether or not such offer is subsequently given effect to by way of a sale and purchase agreement) shall be made which, if accepted, would result in any person ("**Offeror**") together with his Connected Persons obtaining or holding an interest (within the meaning of the Act) in all the Shares then in issue and (subject to the remaining provisions of this article 21.1.1) such offer shall be made on the basis that the same consideration shall be offered for each such Share the subject of the offer and that none of the "dragged" shareholders are required to give any warranties or similar obligations to the Offeror other than in respect of their title to the Shares they are being asked to sell (hereinafter referred to as a "**Qualifying Offer**") then the following provisions of this article 21.1 shall apply.

21.1.2 If Shareholders holding in aggregate the Requisite Percentage (calculated as set out in article 21.1.3 of the Shares then in issue wish to accept a Qualifying Offer but such offer and the completion thereof are conditional upon the Offeror acquiring all the Shares of the Company not already held by the Offeror, then all the Shareholders holding Shares shall be obliged to accept the relevant Qualifying Offer and to transfer their Shares pursuant thereto and if any such Shareholder shall fail to do so, the provisions of article 21.1 shall, mutatis mutandis, apply thereto as if such Shareholder were the Proposing Transferor and the Offeror were the relevant Purchaser.

21.1.3 For the purposes of article 21.1.2 the "**Requisite Percentage**" shall be 80 per cent of the voting rights conferred by all the Shares then in issue PROVIDED THAT in calculating the same there shall be ignored any Shares held by the Offeror or its Connected Persons.

## 21.2 Compulsory Offer ("Tag Along")

21.2.1 If a bona fide offer (whether or not such offer is subsequently given effect to by way of a sale and purchase agreement) (the "**Primary Offer**") shall be made which, if accepted, would result in any person ("**Offeror**") together with his Connected Persons obtaining or holding an interest (within the meaning of section 252 of the Act) in Shares conferring in aggregate more than 50 per cent of the voting rights conferred by all the Shares then in issue then the Company and the persons to whom the Primary Offer is made and who wish to accept the same shall take all reasonable steps within their respective powers to procure that a like offer (the "**Compulsory Offer**") is made at the same time in respect of all the Shares then in issue.

21.2.2 The Compulsory Offer shall be at the Specified Price (as hereinafter defined) per Share and shall be capable of acceptance for a period of not less than 20 business days after the Specified Price shall have been determined. The "Specified Price" shall be the aggregate of (i) the price per Share offered by the Offeror under the terms of the Primary Offer or, if applicable and if greater, the highest amount paid for any Share by the Offeror or any of his Connected Persons in the 12 months preceding the date of the Compulsory Offer and (ii) the relevant proportion of any other consideration (in cash or otherwise) paid or payable under the Primary Offer which, having regard to the substance of the transaction as a whole, can fairly and reasonably be regarded as an addition to the price payable for each such Share and the Specified Price shall be as agreed between the Offeror and the Directors save that if the Offeror and the Directors shall fail to agree thereon within 10 business days of the date on which it first comes to the attention of the Directors that the Compulsory Offer is required to be made then the Specified Price shall be determined (at the request of any Shareholder or Director) by the accountants of the Company for the time being acting as experts and not as arbitrators and whose decision shall be final and binding on all concerned and the costs of the accountants in such event shall be borne by the Offeror, failing which, by the Shareholders to whom the Primary Offer has been made.

21.2.3 No transfer in favour of an Offeror shall be registered unless a Compulsory Offer has been made as set out in article 21.2 and, insofar as such offer is accepted, completion has taken place and the consideration thereunder paid.

21.2.4 For the avoidance of doubt the provisions of article 19.2 shall apply to any proposed transfer pursuant either to a Primary Offer or to a Compulsory Offer.

## **22 COMPLETION OF THE SALE AND PURCHASE OF SHARES IN THE COMPANY**

22.1 This Article applies only to transfers between the parties pursuant to Article 20 (Transfer of Shares Generally) and Article 21 (Compulsory Transfer Notices).

22.2 At completion of a transfer the party selling the shares shall:

(a) transfer the shares free from all Encumbrances by way of a duly completed share transfer form to the buyer(s) together with the relevant share certificate(s) and such other documents as the buyer(s) may reasonably require to show good title to the shares or enable it to be registered as the holder(s) of the shares;

(b) be deemed to have warranted to the Company and the purchaser(s) that it is selling the shares with full title guarantee;

(c) be deemed to have warranted to the Company and the purchaser(s) that no commitment has been given to create an Encumbrance affecting the shares being sold (or any unissued shares or other securities of the Company) and that no person has claimed any rights in respect thereof; and

(d) undertake to do all it can, at its own cost, to give the purchaser the full legal and beneficial title to the shares.

22.3 At completion the purchaser shall pay the purchase price by CHAPS transfer to an account notified in writing by the selling party to the Company or, in the absence of any such notification, by cheque to the selling party.

22.4 The Company shall procure the registration (subject to due stamping by the purchaser) of the transfer of the shares in question and consents to such transfer and registration pursuant to these Articles.

22.5 The shares shall be sold with all rights that attach, or may in the future attach, to them.

22.6 The party buying the shares is not obliged to complete the purchase of any of the shares being sold unless the purchase of all the Shares being sold is completed simultaneously.

22.7 If any purchaser fails to pay the Prescribed Price payable by him on the due date, without prejudice to any other remedy which the seller may have, the outstanding balance of that Prescribed Price shall accrue interest at a rate equal to 4% per annum above the base rate of the Bank of England from time to time.

## **MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY SHARES**



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#### PART 1 INTERPRETATION AND LIMITATION OF LIABILITY

#### Defined terms

1. In the articles, unless the context requires otherwise—

"articles" means the company's articles of association;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"chairman" has the meaning given in article 12;

"chairman of the meeting" has the meaning given in article 39;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

"director" means a director of the company, and includes any person occupying the position of director, by whatever name called;

"distribution recipient" has the meaning given in article 31;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"electronic form" has the meaning given in section 1168 of the Companies Act 2006;

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

"hard copy form" has the meaning given in section 1168 of the Companies Act 2006;

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"instrument" means a document in hard copy form;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"paid" means paid or credited as paid;

"participate", in relation to a directors' meeting, has the meaning given in article 10;

"proxy notice" has the meaning given in article 45;

"shareholder" means a person who is the holder of a share;

"shares" means shares in the company;

"special resolution" has the meaning given in section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

### **Liability of members**

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

## **PART 2 DIRECTORS DIRECTORS' POWERS AND RESPONSIBILITIES**

### **Directors' general authority**

3. Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

### **Shareholders' reserve power**

4. (1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.  
  
(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

### **Directors may delegate**

5. (1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—
  - (a) to such person or committee;
  - (b) by such means (including by power of attorney);
  - (c) to such an extent;
  - (d) in relation to such matters or territories; and
  - (e) on such terms and conditions;as they think fit.  
  
(2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

### **Committees**

6. (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

## **DECISION-MAKING BY DIRECTORS**

### **Directors to take decisions collectively**

7. (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 8.
- (2) If—
- (a) the company only has one director, and
  - (b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

### **Unanimous decisions**

8. (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.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- (3) References in this article 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.
- (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.

### **Calling a directors' meeting**

9. (1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- (2) Notice of any directors' meeting must indicate—
- (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

#### **Participation in directors' meetings**

10. (1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the articles, and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

#### **Quorum for directors' meetings**

11. (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (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—
- (a) to appoint further directors, or

- (b) to call a general meeting so as to enable the shareholders to appoint further directors.

### **Chairing of directors' meetings**

- 12. (1) The directors may appoint a director to chair their meetings.
- (2) The person so appointed for the time being is known as the chairman.
- (3) The directors may terminate the chairman's appointment at any time.
- (4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

### **Casting vote**

- 13. (1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- (2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

### **Conflicts of interest**

- 14. (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.
- (3) This paragraph applies when—
  - (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;
  - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
  - (c) the director's conflict of interest arises from a permitted cause.
- (4) For the purposes of this article, the following are permitted causes—
  - (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;

- (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
  - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.
- (5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- (6) Subject to paragraph (7), 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.
- (7) 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.

#### **Records of decisions to be kept**

15. 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.

#### **Directors' discretion to make further rules**

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

### **APPOINTMENT OF DIRECTORS**

#### **Methods of appointing directors**

17. (1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—
- (a) by ordinary resolution, or
  - (b) by a decision of the directors.
- (2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.



- (3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

### **Termination of director's appointment**

**18.** A person ceases to be a director as soon as—

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) 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;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (f) 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.

### **Directors' remuneration**

**19.** (1) Directors may undertake any services for the company that the directors decide.

(2) Directors are entitled to such remuneration as the directors determine—

- (a) for their services to the company as directors, and
- (b) for any other service which they undertake for the company.

(3) Subject to the articles, a director's remuneration may—

- (a) take any form, and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

(4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.

(5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees

of the company's subsidiaries or of any other body corporate in which the company is interested.

#### **Directors' expenses**

**20.** The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

### **PART 3 SHARES AND DISTRIBUTIONS SHARES**

#### **All shares to be fully paid up**

**21.** (1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.

(2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

#### **Powers to issue different classes of share**

**22.** (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

#### **Company not bound by less than absolute interests**

**23.** Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

#### **Share certificates**

**24.** (1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

(2) Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) any distinguishing numbers assigned to them.

(3) No certificate may be issued in respect of shares of more than one class.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(5) Certificates must—

- (a) have affixed to them the company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

### **Replacement share certificates**

**25.** (1) If a certificate issued in respect of a shareholder's shares is—

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A shareholder exercising the right to be issued with such a replacement certificate—

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

### **Share transfers**

**26.** (1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

(2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

- (3) The company may retain any instrument of transfer which is registered.
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- (5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

### **Transmission of shares**

- 27.** (1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.
- (2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—
- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
  - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- (3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

### **Exercise of transmittees' rights**

- 28.** (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

### **Transmittees bound by prior notices**

- 29.** If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **Procedure for declaring dividends**

- 30.** (1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

#### **Payment of dividends and other distributions**

- 31.** (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
  - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or
  - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or

- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

### **No interest on distributions**

**32.** The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the company.

### **Unclaimed distributions**

**33.** (1) All dividends or other sums which are—

- (a) payable in respect of shares, and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

(3) If—

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
- (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

### **Non-cash distributions**

**34.** (1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

(2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

- (a) fixing the value of any assets;

- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

#### **Waiver of distributions**

**35.** Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—

- (a) the share has more than one holder, or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

### **CAPITALISATION OF PROFITS**

#### **Authority to capitalise and appropriation of capitalised sums**

**36.** (1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution—

- (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
- (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums must be applied—

- (a) on behalf of the persons entitled, and
- (b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

(5) Subject to the articles the directors may—

- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
- (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
- (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

#### PART 4 DECISION-MAKING BY SHAREHOLDERS ORGANISATION OF GENERAL MEETINGS

##### **Attendance and speaking at general meetings**

- 37.** (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- (2) A person is able to exercise the right to vote at a general meeting when—
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
  - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

##### **Quorum for general meetings**

- 38.** No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

##### **Chairing general meetings**

- 39.** (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.



- (2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

- (a) the directors present, or
- (b) (if no directors are present), the meeting,

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

- (3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

#### **Attendance and speaking by directors and non-shareholders**

- 40.** (1) Directors may attend and speak at general meetings, whether or not they are shareholders.

- (2) The chairman of the meeting may permit other persons who are not—

- (a) shareholders of the company, or
- (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

#### **Adjournment**

- 41.** (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

- (a) meeting consents to an adjournment, or
- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

- (4) When adjourning a general meeting, the chairman of the meeting must—

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
- (a) to the same persons to whom notice of the company's general meetings is required to be given, and
  - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## VOTING AT GENERAL MEETINGS

### **Voting: general**

42. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

### **Errors and disputes**

43. (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

### **Poll votes**

44. (1) A poll on a resolution may be demanded—
- (a) in advance of the general meeting where it is to be put to the vote, or
  - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by—
- (a) the chairman of the meeting;
  - (b) the directors;
  - (c) two or more persons having the right to vote on the resolution; or
  - (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

- (3) A demand for a poll may be withdrawn if—
  - (a) the poll has not yet been taken, and
  - (b) the chairman of the meeting consents to the withdrawal.
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

### **Content of proxy notices**

- 45.** (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which—
- (a) states the name and address of the shareholder appointing the proxy;
  - (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
  - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as—
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
  - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

### **Delivery of proxy notices**

- 46.** (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

### **Amendments to resolutions**

47. (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—
- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
  - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

## **PART 5 ADMINISTRATIVE ARRANGEMENTS**

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

48. (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

### **Company seals**

- 49.** (1) Any common seal may only be used by the authority of the directors.
- (2) The directors may decide by what means and in what form any common seal is to be used.
- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is—
- (a) any director of the company;
  - (b) the company secretary (if any); or
  - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

#### **No right to inspect accounts and other records**

- 50.** Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

#### **Provision for employees on cessation of business**

- 51.** The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

### **DIRECTORS' INDEMNITY AND INSURANCE**

#### **Indemnity**

- 52.** (1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—
- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
  - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
  - (c) any other liability incurred by that director as an officer of the company or an associated company.
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article—

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a "relevant director" means any director or former director of the company or an associated company.

## **Insurance**

**53.** (1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article—

- (a) a "relevant director" means any director or former director of the company or an associated company,
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.