

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

CARBON NUMBERS LIMITED

Registered in England No: 08208990



(Adopted by Special Resolution passed on 11 November 2020)

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, unless the context otherwise requires:

A Ordinary Shares: means the A ordinary shares of £1.00 each in the capital of the Company having the rights set out in these Articles;

Act: means the Companies Act 2006;

Articles: means the Company's articles of association for the time being in force;

Auditor: means the auditors or reporting accountants (as appropriate) of the Company from time to time as approved by the Board;

B Ordinary Shares: means the B ordinary shares of £1.00 each in the capital of the Company having the rights set out in these Articles;

Bad Leaver: has the meaning given to it in Article 9.6;

Board: means the board of directors of the Company from time to time acting by the resolution of a duly convened and quorate meeting;

business day: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;

connected: in the context of determining whether one person is connected with another, shall be determined in accordance with the provisions of section 1122 of the Corporation Tax Act 2010;

Conflict: has the meaning given in Article 5.1;

eligible director: means 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);

Fair Price: has the meaning given to it in Article 9;

Founders: means Caroline Fright and Neil Fright (and each a **Founder**);

Good Leaver: has the meaning given to it in Article 9.5;

the holder: in relation to Shares means the person whose name is entered in the register of shareholders as the holder of the Shares;

Investor: means David Taylor;

Issue Price: means in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium;

Leaver: means:

- (a) any employee or director of the Company who is a Shareholder who ceases to be either such an employee or such a director;
- (b) any Shareholder who ceases, or has ceased, to be a Relevant Employee (and who does not fall within (a) above);
- (c) any person who becomes entitled to any Shares:
 - (i) on the death of a Shareholder;
 - (ii) on the bankruptcy of a Shareholder (if an individual) or the receivership, administrative receivership, administration, liquidation or other arrangement for the winding-up (whether solvent or insolvent) of a Shareholder (if a company); or
 - (iii) on the exercise of an option after ceasing to be a Relevant Employee; or
- (d) any Shareholder holding Shares as a nominee for any person who ceases, or who has ceased, to be a Relevant Employee.

Leaving Date: means the date being the date on which the Relevant Employee becomes a Leaver;

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;

Net Sale Proceeds: the proceeds of a Sale remaining after deducting the following:

- (a) the payment of the reasonable costs, charges and expenses incurred by the selling Shareholders and the Company respectively;
- (b) the monies received (or to be received) by the Shareholders in respect of the repayment of the Shareholders' loans (if any) (including any interest and commission accrued thereon); and
- (c) the monies received (or to be received) by the Company in respect of the repayment of all other debts and liabilities of the Company required to be repaid on completion of the sale;

Ordinary Shares: means the A Ordinary Shares and the B Ordinary Shares;

Preference Shares: means the preference shares of £1.00 each in the capital of the Company having the rights set out in these Articles;

Relevant Employee: means an employee or director (other than the Investor or the Founders) of the group of companies of which the Company forms part;

Sale: means the completion of an agreement to sell the entire issued share capital of the Company, or the completion of a sale of all or substantially all (as a going concern) of the business and assets of the Company (and/or its subsidiaries from time to time);

Shareholder: a holder for the time being of any Share or Shares; and

Shares: shares in the capital of the Company and **Share** shall be construed accordingly.

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, 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.
- 1.7 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles.
- 1.8 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 26(5), 44(2), 52 and 53 of the Model Articles shall not apply to the Company.
- 1.9 Article 7 of the Model Articles shall be amended by:
- 1.9.1 the insertion of the words "for the time being" at the end of article 7(2)(a); and
 - 1.9.2 the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.10 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".
- 1.11 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".
- 1.12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 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)," after the words "the transmittee's name".

- 1.14 Articles 31(a) to (d) (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".
- 1.15 The definition of "Subsidiary" in the Model Articles shall be amended by the addition of the following words "and a company shall be treated, for the purpose only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee".

SHARE ISSUES

2. FURTHER ISSUES OF SHARES: AUTHORITY

Save to the extent authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the Company.

3. FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS

- 3.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 3.2 Unless otherwise agreed by special resolution, if the Company proposes to allot any equity securities, those equity securities shall not be allotted to any person unless the Company has first offered them to all shareholders on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to other persons on a pari passu and pro rata basis to the number of shares held by those holders (as nearly as possible without involving fractions). The offer:
- 3.2.1 shall be in writing, shall be open for acceptance for a period of 15 business days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and
 - 3.2.2 may stipulate that any shareholder who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities for which he wishes to subscribe.
- 3.3 Subject to Article 3.2 and to section 551 of the Act, any equity securities shall be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.

4. SHARE CAPITAL AND SHARE RIGHTS

4.1 The A Ordinary Shares and the B Ordinary Shares shall constitute separate classes of shares but shall rank pari passu in all other respects.

4.2 The share capital of the Company at the date of adoption of these Articles is £400,100 divided into 34 A Ordinary Shares, 66 B Ordinary Shares and 400,000 Preference Shares.

4.3 The rights attaching to the respective classes of shares shall be as follows:

Income

4.4 Any amount of dividend payable under these Articles shall belong to and be paid to the holders of the A Ordinary Shares and the B Ordinary Shares in the same proportions that their respective holdings of such shares bears to the aggregate of their respective holdings of such shares.

4.5 No dividend shall be payable on the Preference Shares.

Capital

4.6 On a return of capital on liquidation or otherwise, the assets of the Company remaining after the payment of its liabilities shall be distributed in the following order of priority:

4.6.1 first, in paying to the holders of the Preference Shares £1.45 in respect of each of the Preference Shares held by them; and

4.6.2 second, the balance of such assets shall be distributed among the holders of the Ordinary Shares in the same proportions that their respective holdings of Ordinary Shares bears to the aggregate of their respective holdings of Ordinary Shares.

Sale

4.7 On completion of a Sale, the Net Sale Proceeds shall be distributed in the following order of priority:

4.7.1 first, in paying to the holders of the Preference Shares:

- 4.7.1.1 if the Net Sale Proceeds are less than £2,000,000, the sum of £1.00 in respect of each Preference Share held by them; or
- 4.7.1.2 if the Net Sale Proceeds are £3,000,000 or more, the sum of £1.45 in respect of each Preference Share held by them; or
- 4.7.1.3 if the Net Sale Proceeds are £2,000,000 or greater, but less than £3,000,000, the sum of £1.00 in respect of each Preference Share held by them, plus £0.0045 in respect of each Preference Share held by them for every £10,000 the Net Sale Proceeds exceed £2,000,000 (to a maximum of £1.45 per Preference Share held).

WORKED EXAMPLES

Net Sale Proceeds	Amount paid per Preference Share held
£2,000,000 (or less)	£1.00
£2,010,000	£1.0045
£2,020,000	£1.0090
£3,000,000	£1.45
£4,000,000 (or more)	£1.45

(so for the avoidance of doubt any Net Sale Proceeds in excess of £3,000,000 will result in a maximum aggregate return of £580,000 in respect of all of the Preference Shares);

- 4.7.2 second, the balance of the Net Sale Proceeds shall be distributed among the holders of the Ordinary Shares in the same proportions that their respective holdings of Ordinary Shares bears to the aggregate of their respective holdings of Ordinary Shares.

Voting

- 4.8 On a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy not being himself a member, shall have:

- (i) one vote for every A Ordinary Share of which he or she is the holder; and

- (ii) one vote for every B Ordinary Share of which he or she is the holder.

No voting rights shall attach to the Preference Shares (save that the holder(s) of the Preference Shares shall be entitled to receive copies of all circulars to shareholders and to receive notice of and to attend all general meetings of the Company (but not to vote at them)).

- 3A.4 No variation of the special 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.

5. LIEN

The Company shall have a first and paramount lien on every Share for all monies (whether presently payable or not) called or payable at a fixed time in respect of that Share, and the Company shall also have a first and paramount lien on all Shares (whether or not fully paid) standing registered in the name of a single person for all monies presently payable by him or his estate to the Company; but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a Share shall extend to all dividends payable thereon.

SHARE TRANSFERS

6. PROHIBITED TRANSFERS

Any person who holds, or becomes entitled to, any Share shall not effect a transfer, except a transfer in accordance with clause 12 of the Shareholders Agreement, Article 6 (*Pre-emption*), Article 7 (*Drag Along*) (by Accepting Shareholders or Other Shareholders), or Article 8 (*Tag Along*) of such Shares.

7. PRE-EMPTION

- 7.1 Except in the case of Article 7 (*Drag Along*) or Article 8 (*Tag Along*), a Shareholder who wishes to transfer any Shares (**Seller**) shall give notice in writing of such wish to the Company (**Transfer Notice**). Each Transfer Notice shall:

- 7.1.1 specify the number and class of Shares which the Seller wishes to transfer (**Sale Shares** generally, but specifically (as determined by the context in which the reference appears) **Founder Sale Shares** where the Seller is one of the Founders and **Investor Sale Shares** where the Seller is the Investor and that provision only applies to shares sold by that particular seller);

- 7.1.2 specify the identity of any person to whom the Seller wishes to transfer the Sale Shares (**Proposed Transferee**);
 - 7.1.3 specify the price per Share (**Sale Price**) at which the Seller wishes to transfer the Sale Shares;
 - 7.1.4 be deemed to constitute the Company as the Seller's agent for the sale of the Sale Shares at the Sale Price in the manner prescribed by these Articles; and
 - 7.1.5 not be varied or cancelled without the prior written consent of the Company.
- 7.2 The Seller may provide in the Transfer Notice that unless buyers are found for all or not less than a specified number of the Sale Shares, he shall not be bound to transfer any of such Shares (**Minimum Transfer Condition**) and any such provision shall be binding on the Company. Notwithstanding the other provisions of this Article, if the Transfer Notice contains a Minimum Transfer Condition the Company may not make any allocation of Sale Shares unless and until it has found buyers for the minimum number specified in the Minimum Transfer Condition.
- 7.3 Where the Seller is a Founder, the Company shall as soon as practicable following receipt of his or her Transfer Notice give notice in writing to the remaining Founder (the **Non-Selling Founder**) offering for sale the Founder Sale Shares at the Sale Price. The notice shall specify that the Non-Selling Founder shall have a period of 15 business days from the date of such notice within which to apply for some or all of the Founder Sale Shares.
- 7.4 To the extent that the Non-Selling Founder does not apply for any or all of the Founder Sale Shares the Company shall then give notice in writing to the Investor offering for sale the balance of the Founder Sale Shares at the Sale Price. The notice shall specify that the Investor shall have a period of 15 business days from the date of such notice within which to apply for some or all of the Founder Sale Shares offered.
- 7.5 Where the Seller is the Investor, the Company shall as soon as practicable following receipt of its Transfer Notice give notice in writing to the Founders offering for sale the Investor Sale Shares at the Sale Price. The notice shall specify that the Founders shall have a period of 15 business days from the date of such notice within which to apply for the Investor Sale Shares.
- 7.6 It shall be a term of the offer deemed to be made by the Investor that, if there is competition between the Founders for the Investor Sale Shares, such Investor Sale

Shares shall be treated as offered to the Founders in proportion (as nearly as may be) to their existing holdings of Shares (**Proportionate Allocation**).

7.7 In respect of each of the offerees referred to in Articles 6.3 and 6.4, the Company shall allocate each Shareholder with the number of Founder Sale Shares applied for in accordance with his application.

7.8 In respect of each of the offerees referred to in Article 6.6, the Company shall allocate the relevant Investor Sale Shares as follows:

7.8.1 if the total number of Investor Sale Shares applied for is equal to or less than the available number of Investor Sale Shares, each Founder shall be allocated the number applied for in accordance with his application; or

7.8.2 if the total number of Investor Sale Shares applied for is greater than the available number of Investor Sale Shares, each Founder shall be allocated his Proportionate Allocation or such lesser number of Investor Sale Shares for which he has applied.

7.9 Allocations of Sale Shares made by the Company pursuant to this Article shall constitute the acceptance by the persons to whom they are allocated of the offer to purchase those Sale Shares on the terms offered to them, provided that no person shall be obliged to take more than the maximum number of Sale Shares that he has indicated to the Company he is willing to purchase.

7.10 The Company shall forthwith upon allocating any Sale Shares give notice in writing (**Sale Notice**) to the Seller and to each person to whom Sale Shares have been so allocated of the number of Sale Shares so allocated and the aggregate price payable therefor. Completion of the sale and purchase of those Sale Shares in accordance with the Sale Notice shall take place within five business days of the date of the Sale Notice whereupon the Seller shall, upon payment of the price due in respect thereof, transfer those Sale Shares specified in the Sale Notice to the persons to whom they have been allocated and deliver the relevant Share certificates.

7.11 Save in the case of an acquisition of Sale Shares by the Company, if the Seller defaults in transferring any Sale Shares pursuant to Article 6.11, the Company may receive such purchase money and may nominate some person to execute an instrument of transfer of such Sale Shares in the name and on behalf of the Seller and thereafter, when such instrument has been duly stamped, the Company shall cause the name of the proposed transferee to be entered in the register of members as the holder of such Sale Shares and shall hold the purchase money on trust (without interest) for the Seller. The receipt of the Company for the purchase money

shall be a good discharge to the proposed transferee (who shall not be bound to see to the application thereof) and, after his name has been so entered in the register of members, the validity of the proceedings shall not be questioned by any person. In the case of an acquisition of Sale Shares by the Company, if the Seller defaults in transferring any Sale Shares pursuant to Article 6.11, the Company may nominate some person to execute an instrument of transfer of such Sale Shares in the name and on behalf of the Seller and thereafter, when such instrument has been duly stamped, the Company shall cause such share capital to be cancelled in accordance with the Act and shall hold the purchase money on trust (without interest) for the Seller.

7.12 If all the Sale Shares are not sold under the pre-emption provisions contained in Articles 6.1 to 6.12 (inclusive), the Board may if they think fit and subject always to the provisions of the Act, cause the Company to purchase some or all of the remaining Sale Shares at the Sale Price. In relation to any Sale Shares not purchased by the Company, the Company shall so notify the Seller and the Seller may at any time, within three calendar months after receiving such notification, transfer to the Proposed Transferee any unsold Sale Shares at any price not less than the Sale Price, provided that:

7.12.1 if the board of the Company reasonably believes the Proposed Transferee to be a competitor of the business of the Company or a person connected with such a competitor (or a nominee of either) the Seller's aforesaid right to transfer does not apply;

7.12.2 if the Seller stipulated in the Transfer Notice a Minimum Transfer Condition which has not been satisfied, the Seller shall not be entitled to sell any Sale Shares unless he complies with such Minimum Transfer Condition; and

7.12.3 any such sale shall be a sale in good faith and the board of the Company may require to be satisfied (in such manner as they may reasonably think fit) that the Sale Shares are being sold for not less than the Sale Price without any deduction, rebate or allowance whatsoever and if not so satisfied the Company may refuse to register the transfer.

8. DRAG ALONG

8.1 In these Articles a **Qualifying Offer** shall mean an offer in writing by or on behalf of any person (**Offeror**) to the holders of the entire equity share capital in the Company to acquire all their equity share capital.

- 8.2 If the holders of a majority in nominal value of the Ordinary Shares (**Accepting Shareholders**) wish to accept the Qualifying Offer, then the provisions of this Article shall apply.
- 8.3 The Accepting Shareholders shall give written notice to the remaining holders of the equity share capital (**Other Shareholders**) of their wish to accept the Qualifying Offer and the Other Shareholders shall thereupon become bound to accept the Qualifying Offer and to transfer their Shares to the Offeror (or his nominee) with full title guarantee on the date specified by the Accepting Shareholders.
- 8.4 If any Other Shareholder shall not, within five business days of being required to do so, execute and deliver transfers in respect of the equity shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any Accepting Shareholder shall be entitled to execute, and shall be entitled to authorise and instruct such person as he thinks fit to execute, the necessary transfer(s) and indemnities on the Other Shareholder's behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.
- 8.5 Upon any person, following the issue of a notice pursuant to Article 7.3, becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company (**New Member**), a notice shall be deemed to have been served upon the New Member on the same terms as the previous notice who shall thereupon be bound to sell and transfer all such shares acquired by him to the Offeror or as the Offeror may direct and the provisions of this Article shall apply mutatis mutandis to the New Member save that completion of the sale of such shares shall take place forthwith upon the notice being deemed served on the New Member.

9. TAG ALONG

- 9.1 If at any time the holders of a majority in nominal value of the Ordinary Shares (**Proposed Sellers**) propose to sell, in one or a series of related transactions, a majority in nominal value of the Shares (**Majority Holding**) to any person (not being an Offeror for the purposes of article 7.1), the Proposed Sellers may only sell the Majority Holding if they comply with the provisions of this Article.
- 9.2 The Proposed Sellers shall give written notice (**Proposed Sale Notice**) to the other holders of the equity share capital in the Company of such intended sale at least ten business days prior to the date thereof. The Proposed Sale Notice shall set out, to the extent not described in any accompanying documents, the identity of the

proposed buyer (**Proposed Buyer**), the purchase price and other terms and conditions of payment, the proposed date of sale (**Proposed Sale Date**) and the number of Shares proposed to be purchased by the Proposed Buyer (**Proposed Sale Shares**).

9.3 Any other holder of equity share capital in the Company shall be entitled, by written notice given to the Proposed Sellers within five business days of receipt of the Proposed Sale Notice, to be permitted to sell all of his Shares to the Proposed Buyer on the same terms and conditions as those set out in the Proposed Sale Notice.

9.4 If any other holder of equity share capital in the Company is not given the rights accorded him by the provisions of this Article, the Proposed Sellers shall be required not to complete their sale and the Company shall be bound to refuse to register any transfer intended to carry such a sale into effect.

10. LEAVERS

10.1 The provisions of this Article 9 shall apply to any Leaver and to any Leaver's Shares.

10.2 Within the period commencing on the relevant Leaving Date and expiring at midnight on the first anniversary of such date, the Company may serve a notice on the Leaver notifying him that he is, with immediate effect, deemed to have served one or more Transfer Notices in respect of his Leaver's Shares.

10.3 The provisions of Articles 6.1 to 6.13 (Pre-Emption on Transfer) (inclusive) shall apply to any such Transfer Notice, provided that for these purposes:

10.3.1 the Sale Shares shall comprise the above-mentioned Shares;

10.3.2 no Proposed Transferee shall be specified in the Transfer Notice; and

10.3.3 the Sale Price shall be determined by Article 9.4.

10.4 The Sale Price shall be:

10.4.1 in the case of a Good Leaver, the higher of the Issue Price and the Fair Price;

10.4.2 in the case of a Bad Leaver, the lower of the Issue Price and the Fair Price,

provided that, in the case of any Leaver's Shares which were originally acquired by that Leaver by way of transfer rather than allotment, references to the Issue Price in

this Article 9.4 shall in relation to these Shares be deemed to be references to the lower of the Issue Price and the amount paid by such Leaver on such transfer.

10.5 In these Articles a Shareholder shall be deemed to be a Good Leaver in circumstances where the relevant person:

10.5.1 ceases to be employed by any Group Company as a result of a subsidiary of the Company ceasing to be a subsidiary of the Company;

10.5.2 dies;

10.5.3 suffers physical or mental deterioration which, in the opinion of the Investors, is sufficiently serious to prevent the relevant person from following his normal employment or which seriously prejudices his earning capacity;

10.5.4 retires at normal retirement age; or

10.5.5 is so designated by the Board.

10.6 In these Articles a Shareholder shall be deemed to be a Bad Leaver in circumstances where the relevant person:

10.6.1 is not deemed to be a Good Leaver; and

10.6.2 is so designated by the Board.

10.7 In these Articles the Fair Price shall be such price as the transferor and the Company shall agree within ten business day of the date of the deemed Transfer Notice or, failing such agreement, such price as the Auditors shall determine pursuant to Article 9.8.

10.8 If the Fair Price falls to be determined by the Auditors:

10.8.1 the Company shall immediately instruct the Auditors to determine the Fair Price on the basis which, in their opinion, represents a fair price for the Leaver's Shares at the Leaving Date as between a willing seller and a willing buyer and, in making such determination, the Auditors shall not take account of whether the Leaver's Shares comprise a majority or minority interest in the Company and the fact that their transferability is restricted by these Articles;

10.8.2 the Auditors shall certify the Fair Price as soon as possible after being instructed by the Company and in so certifying the Auditors shall be deemed to be acting as experts and not as arbitrators and the Arbitration Act 1996 shall not apply;

- 10.8.3 the certificate of the Auditors shall, in the absence of manifest error, be final and binding; and
- 10.8.4 the Company shall procure that any certificate required hereunder is obtained with due expedition and the cost of obtaining such certificate shall be borne by the Company unless (i) such an arrangement would not be permitted by the Act or (ii) the Fair Price as determined by the Auditors is the same as, or within 10% of, that price (if any) which the Company had previously notified to the Leaver as being in its opinion the Fair Price, in which event the cost shall be borne by the Leaver.
- 10.9 In the event of the death of any shareholder and the provisions of Articles 6.1 to 6.12 (Pre-emption on Transfer) are exhausted without a buyer of shares being willing to acquire the shares of the deceased shareholder, title to such shares shall transfer to the deceased shareholder's personal representative pursuant to Model Article 27.

DIRECTORS

11. UNANIMOUS DECISIONS

- 11.1 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.
- 11.2 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.
- 11.3 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.

12. CALLING A DIRECTORS' MEETING

Any director may call a directors' meeting by giving not less than 15 business days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the Company secretary (if any) to give such notice.

13. QUORUM FOR DIRECTORS' MEETINGS

- 13.1 Subject to Articles 12.2, 12.3 and 12.4, the quorum for the transaction of business at a meeting of directors is any two eligible directors (including through telephone conference etc.).
- 13.2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 14 to authorise a director's conflict, 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.

- 13.3 If and so long as there shall be only one director, Article 7(2) of the Model Articles shall apply and he shall be entitled to exercise all the powers and shall carry out all the duties assigned to directors. In such instance, the quorum for the transaction of business shall be one director.

- 13.4 (For the avoidance of doubt, subject always to Article 12.3) if the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:

13.4.1 to appoint further directors; or

13.4.2 to call a general meeting so as to enable the shareholders to appoint further directors.

14. **CASTING VOTE**

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, and instead, the directors agree to negotiate until a majority decision is reached.

15. **TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

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:

15.1.1 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;

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

15.1.3 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 contract or proposed contract in which he is interested;

- 15.1.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- 15.1.5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 15.1.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

16. **DIRECTORS' CONFLICTS OF INTEREST**

- 16.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 16.2 Any authorisation under this Article will be effective only if:
 - 16.2.1 the matter in question shall have been proposed by any director for consideration at a meeting of directors in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
 - 16.2.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question; and
 - 16.2.3 the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.
- 16.3 Any authorisation of a Conflict under this Article may (whether at the time of giving the authorisation or subsequently):
 - 16.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;

16.3.2 be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine; and

16.3.3 be terminated or varied by the directors at any time.

This will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.

16.4 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:

16.4.1 disclose such information to the directors or to any director or other officer or employee of the Company; or

16.4.2 use or apply any such information in performing his duties as a director,

where to do so would amount to a breach of that confidence.

16.5 Where the directors authorise a Conflict they may (whether at the time of giving the authorisation or subsequently) provide, without limitation, that the director:

16.5.1 is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict;

16.5.2 is not given any documents or other information relating to the Conflict; and

16.5.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.

16.6 Where the directors authorise a Conflict:

16.6.1 the director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict; and

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

16.7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company

for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

17. RECORDS OF DECISIONS TO BE KEPT

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

18. NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall be four and shall not be less than one (who, if a sole director, must be a natural person in accordance with section 155 of the Act).

19. APPOINTMENT OF DIRECTORS

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.

20. 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.

DECISION MAKING BY SHAREHOLDERS

21. VOTING AND POLL VOTES

21.1 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.

21.2 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.

22. PROXIES

- 22.1 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".
- 22.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

ADMINISTRATIVE ARRANGEMENTS

23. MEANS OF COMMUNICATION TO BE USED

- 23.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 23.1.1 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);
 - 23.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
 - 23.1.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
 - 23.1.4 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 purposes of this Article, no account shall be taken of any part of a day that is not a business day.

23.2 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 delivered to an address permitted for the purpose by the Act.

24. INDEMNITY

24.1 Subject to Article 23.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

24.1.1 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:

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

24.1.1.2 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

24.1.2 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 23.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

24.2 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.

24.3 In this Article:

24.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

24.3.2 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).

25. INSURANCE

25.1 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.

25.2 In this Article:

25.2.1 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);

25.2.2 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; and

25.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.