



Articles of Association

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Private company limited by shares

Articles of Association

of

Karbon Solutions Limited

1 Interpretation

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

A Share means an ordinary share of £1 in the capital of the Company designated as an A Share;

A Shareholder means Karbon Homes Limited registered society number 7529;

B Shareholders means the holder or holders of the B Shares;

Act means the Companies Act 2006;

Appointor has the meaning given in article 11.1;

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

B Share means an ordinary share of £1 in the capital of the Company designated as a B Share;

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;

Conflict means a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

Group means in relation to a body corporate (wherever incorporated), any wholly-owned Subsidiary of that body corporate, any body corporate of which it is a wholly-owned Subsidiary (its parent) and any other wholly-owned Subsidiaries of any such parent; and each body corporate in a Group is a member of the Group. Unless the context otherwise requires, the application of the definition of Group to any body corporate at any time will apply to the body corporate as it is at that time;

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;

Subsidiary means "subsidiary undertaking" as defined in section 1162 of the Act; and

Writing or written 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.

- 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 but excluding any statutory modification of them not in force on the date when these Articles become binding on the Company.
- 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 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.
- 1.6 Save as expressly provided otherwise in these Articles, any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.
- 1.7 Words importing one gender shall include all genders.

2 Adoption of the Model Articles

- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2 Articles 6(2), 7, 8, 9(1), 11 to 14 (inclusive), 16, 17, 22, 26(5), 27 to 29 (inclusive), 36, 38, 39, 43, 44(2), 49 and 50 to 53 (inclusive) of the Model Articles shall not apply to the Company.
- 2.3 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".
- 2.4 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".
- 2.5 Articles 31(1)(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".

3 Directors meetings

- 3.1 Any decision of the directors must be taken at a meeting of directors in accordance with these Articles or must be a decision taken in accordance with article 4.

- 3.2 Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 3.3 A directors' meeting shall be held at least once in every year and may be held more frequently. Directors' meetings can be held in any manner which allows directors to hear and comment on proceedings.
- 3.4 All decisions made at any meeting of the directors or of any committee of the directors shall be made only by resolution, and no such resolution shall be passed unless more votes are cast for it than against it.
- 3.5 The post of chairman of the directors will be held by an A Director. The chairman shall have a casting vote. If the chairman for the time being is unable to attend any meeting of the board of directors, the A Shareholder shall be entitled to appoint another of its nominated directors to act as chairman at the meeting.
- 4 Unanimous decisions of directors**
- 4.1 A decision of the directors is taken in accordance with this article when all 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 director has signed one or more copies of it, or to which each director has otherwise indicated agreement in writing.
- 4.3 A decision may not be taken in accordance with this article if the directors would not have formed a quorum at a directors' meeting to vote on the matter.
- 5 Number of directors**
- The number of directors shall never be less than one.
- 6 Calling a directors' meeting**
- 6.1 Any director may call a meeting of directors.
- 6.2 Notice of any directors' meeting must be accompanied by an agenda specifying in reasonable detail the matters to be raised at the meeting.
- 6.3 Unless otherwise agreed by the directors, not less than five Business Days' notice shall be given to each of the directors of all meetings. The notice convening a Board Meeting shall include an agenda specifying in reasonable detail the matters to be discussed, together with any relevant papers for discussion at such meeting. Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless a majority of the directors agree in writing.
- 7 Quorum for directors' meetings**
- 7.1 Save where there is only one director, in which case the quorum shall be one, the quorum for the transaction of business of the directors shall be any two directors including one A Director. A person who holds office only as an alternate director shall, if his Appointor is not present, be counted in the quorum.

- 7.2 No business shall be conducted at any meeting of the directors unless a quorum is participating at the beginning of the meeting and also when that business is voted on.
- 8 **Directors' interests and authorisation of directors' conflicts of interest**
- 8.1 Provided that a director has disclosed his interest in an actual or proposed transaction or arrangement with the Company in accordance with the Companies Acts or the provisions of these articles, he may nevertheless be counted as participating in the decision-making process for quorum and voting purposes in respect of any such matter in which the director is in any way interested, and shall not, save as otherwise agreed, be accountable to the Company for any benefit which he derives under or in consequence of any such transaction or arrangement. Article 14 of the Model Articles shall be modified accordingly.
- 8.2 For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the **2006 Act**), the directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act. Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 8.3 Authorisation of a matter under article 8.2 shall be effective only if:
- 8.3.1 the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;
 - 8.3.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together the **Interested Directors**); and
 - 8.3.3 the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.
- 8.4 Unless otherwise determined by the directors (excluding the Interested Directors), any authorisation of a matter under article 8.2 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.
- 8.5 Any authorisation of a matter under article 8.2 shall be on such terms and/or conditions as the directors (excluding the Interested Directors) may determine, whether at the time such authorisation is given or subsequently and may be varied or terminated by the directors (excluding the Interested Directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the Interested Directors from all information and discussion of the matter in question. A director shall comply with any obligations imposed on him by the directors (excluding the Interested Directors) pursuant to any such authorisation.
- 8.6 If a director receives or has received any information otherwise than by virtue of his position 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:
- 8.6.1 disclose any such information to the Company, the directors or any other director or employee of the Company; or

8.6.2 use or apply any such information in connection with the performance of his duties as a director;

provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, this article shall apply only if such situation or relationship has been authorised by the directors under article 8.2.

8.7 A director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under article 8.2 and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

8.8 A director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the shareholder who appointed him as a director of the Company, or any other member of such shareholder's Group, and no authorisation under article 8.2 shall be necessary in respect of any such interest.

8.9 Any A Director or B Director shall be entitled from time to time to disclose to the shareholder who appointed him as a director of the Company such information concerning the business and affairs of the Company as he shall at his discretion see fit.

9 **Records of decisions to be kept**

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

10 **Appointment and removal of directors**

10.1 The A Shareholders and B Shareholders may appoint directors in accordance with the terms of any shareholders' agreement (or similar document) in force between the shareholders. Any director may be removed at any time by the A shareholder or B shareholders that appointed that director. These directors and any alternates shall be called **A Directors and B Directors respectively**.

10.2 Any appointment or removal of a director pursuant to this article shall be in writing and signed by or confirmed electronically or on behalf of the A Shareholder or the B Shareholders as appropriate and served on the Company at its registered office, or delivered to a duly constituted meeting of the directors of the Company or to the Company's secretary (if there is one). Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.

10.3 No director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

11 **Alternate directors**

11.1 Any director (other than an alternate director) (in this article, the **Appointor**) may appoint any person (whether or not a director) to be an alternate director to exercise that director's powers, and carry out that director's responsibilities, in relation to the taking of decisions

by the directors, in the absence of the alternate's Appointor. A person may be appointed an alternate director by more than one director.

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

11.3 The notice must:

11.3.1 identify the proposed alternate; and

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

11.4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.

11.5 Except as the Articles specify otherwise, alternate directors:

11.5.1 are deemed for all purposes to be directors;

11.5.2 are liable for their own acts and omissions;

11.5.3 are subject to the same restrictions as their Appointors; and

11.5.4 are not deemed to be agents of or for their 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.

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

11.6.1 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); and

11.6.2 may participate in a unanimous decision of the directors (but only if his Appointor does not himself participate).

11.7 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.

11.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

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

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

- 11.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director; or
- 11.9.3 when the alternate director's Appointor ceases to be a director for whatever reason.

12 Share Capital

- 12.1 Except as otherwise provided in these Articles or as otherwise agreed in writing by the shareholders from time to time, the A Shares and the B Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.
- 12.2 The directors shall have the discretion to declare a dividend on the A Shares and only the A shares shall carry a right to a dividend.
- 12.3 On a return of assets on liquidation, capital reduction or otherwise (other than a conversion, redemption or purchase of shares), the assets of the Company remaining after the payment of its liabilities shall (to the extent that the Company is lawfully able to do so) be applied in the following order of priority:
- 12.3.1 first in repaying to the holders of the B Shares an amount equal to 100% of the aggregate nominal value of the B Shares; and
- 12.3.2 thereafter in payment of the balance to the A Shareholder.
- 12.4 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.
- 12.5 Each of the following shall be deemed to constitute a variation of the rights attached to each class of shares:
- 12.5.1 any alteration in the Articles which has the effect of altering any rights which attach to any share class;
- 12.5.2 (save as expressly provided for in these Articles) any reduction, subdivision, consolidation, redenomination, purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital; and
- 12.5.3 any resolution to put the Company into liquidation.

13 Share Transfers

- 13.1 In these Articles, reference to the transfer of a share includes the transfer, assignment or other disposal of a beneficial or other interest in that share, or the creation of a trust or

encumbrance over that share, and reference to a share includes a beneficial or other interest in a share.

13.2 The A Shareholder shall not transfer any A Share except in accordance with the terms of any shareholders' agreement (or similar document) in force between the shareholders, or with the prior written consent of all of the other shareholders.

13.3 As holder of a B Share(s) shall not transfer any B Share except in accordance with or as required by the terms of any shareholders' agreement (or similar document) in force between the shareholders, or with the prior written consent of all of the other shareholders.

13.4 Subject to articles 13.2 and 13.3, the directors must register any duly stamped transfer made in accordance with these Articles and shall not have any discretion to register any transfer of shares which has not been made in compliance with these Articles.

13.5 On the transfer of any share:

13.5.1 a share transferred to any person or body other than the A Shareholder shall be redesignated (if necessary) as a B Share; and

13.5.2 a share transferred to A Shareholder shall be redesignated (if necessary) as an A Share.

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

13.6 The directors may, as a condition to the registration of any transfer of shares in the Company require the transferee to execute and deliver to the Company a deed under which the transferee agrees to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the other shareholders holding shares of the same class under any such agreement or other document). If any such condition is imposed in accordance with this article 13.5, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

14 Quorum for General Meetings

14.1 Save where there is only one shareholder, in which case the quorum shall be one, the quorum at any general meeting of the Company, or adjourned general meeting, shall be any two shareholders present in person or a duly authorised representative of such shareholder provided that this always includes the A Shareholder. The quorum at any meeting of the B Shareholders shall be one B Shareholder present in person or a duly authorised representative of such shareholder.

14.2 No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on. If, at a meeting, a quorum is not present within half an hour (or such longer time as the persons present may all agree to wait) from the time appointed for the meeting, then the meeting shall be adjourned. Notice of an adjourned meeting shall be given to all the members of the

Company and at the adjourned meeting, any member of the Company present in person or by proxy shall constitute a quorum.

15 Chairing General Meetings

- 15.1 The chairman of the board of directors shall chair general meetings. If the chairman is unable to attend any general meeting, any other director present at the meeting may be appointed to act as chairman at the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
- 15.2 A B Director, or such other person as is appointed by the B Shareholders, shall chair meetings of the B Shareholders.

16 Voting

- 16.1 A shareholder which is an organisation may, by resolution of its governing body (or a committee or officer of the organisation acting under powers delegated by its governing body) authorise such person as it thinks fit to act as its representative at general meetings.
- 16.2 At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a shareholder entitled to vote; on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder.
- 16.3 In the case of any resolution proposed to remove a B Director, whether under section 168 of the Act or otherwise, the holders of the B Shares voting against any such resolution (whether on a show of hands, on a poll or on a written resolution) shall be entitled to cast such number of votes as are held by the A Shareholder plus one and such votes shall be held by the B Shareholders pro rata according to the number of B Shares held by them.
- 16.4 The Members shall at all times have a power of decisive influence over the strategic objectives and significant decisions of the Company and may from time to time pass a resolution directing the directors.

17 Poll votes

- 17.1 A poll may be demanded at any general meeting by a qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 17.2 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.

18 Proxies

- 18.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of general meeting (or adjourned meeting) to which they relate".

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

19 Means of communication to be used

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

19.1.1 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;

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

19.1.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and

19.1.4 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 working day.

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

20 Indemnity and Insurance

20.1 Subject to article 20.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

20.1.1 each relevant officer of the Company shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and

- 20.1.2 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 this article 20.1 and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure.
- 20.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 20.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.
- 20.4 In this article:
- 20.4.1 a "relevant officer" means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor; and
- 20.4.2 a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company.