

**ARTICLES OF ASSOCIATION**

**of**

**SRUC VENTURES LIMITED**

SC563823

2024

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**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**

of

**SRUC VENTURES LIMITED (the Company)**

(Adopted by Special Resolution passed on ●)

**PART 1**

**INTERPRETATION AND LIMITATION OF LIABILITY**

**1 Model Articles**

The Model Articles of private companies limited by shares contained in The Companies (Model Articles) Regulations 2008 shall not apply to the Company, save to the extent that they are expressly incorporated into these Articles.

**2 Defined terms**

2.1 In these Articles, unless the context requires otherwise:-

**Act** means the Companies Act 2006, as amended or replaced from time to time.

**Articles** means the Company's articles of association.

**bankruptcy** means individual insolvency proceedings in any jurisdiction.

**business day** means any day (other than a Saturday, Sunday or public holiday) on which clearing banks in Scotland are generally open for business.

**chair** has the meaning given in article 17.

**chair of the meeting** has the meaning given in article 61.

**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 52.

**document** includes, unless otherwise specified, any document sent or supplied in electronic form.

**electronic form** has the meaning given in section 1168 of the Act.

**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 Act.

**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.

**Natural Economy** means ecosystem services being agriculture, fishing and aquaculture, food and drink, energy (including renewables), forestry, logging, and manufacture of wood and tourism and generally any and all associated sciences, technologies, crafts and skills, and all matters of whatever nature related to the use of land and water resources, health (including animal health and veterinary services), all aspects of economics and socio-economics, leisure, leisure activities and industries, wildlife habitats, conservation, climate change, natural capital, biodiversity and game management, the rural way of life and environment and the sustainable use of natural resources.

**Objects** means the objects of the Company set out in article 4.

**ordinary resolution** has the meaning given in section 282 of the Act.

**paid** means paid or credited as paid.

**Parent Company** has the meaning given in article 6.

**participate**, in relation to a directors' meeting, has the meaning given in article 15.

**proxy notice** has the meaning given in article 67.

**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 Act.

**subsidiary** has the meaning given in section 1159 of the Act.

**transmittee** means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law.

**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.

2.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Act as in force on the date when these Articles become binding on the Company.

2.3 In these Articles:

2.3.1 a reference to an article is to a provision of these Articles;

2.3.2 a reference to a gender includes each other gender;

2.3.3 words in the singular include the plural and vice versa;

2.3.4 any words that follow include, includes, including, in particular or any similar words and expressions shall be construed as illustrative only and shall not limit the sense of any word, phrase, term, definition or description preceding those words; and

2.3.5 a reference to legislation is a reference to that legislation as amended, extended, re-enacted or consolidated from time to time and includes all subordinate legislation made from time to time under that legislation.

- 2.4 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 shall not apply to the Company.

### 3 **Liability of members**

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

## **PART 2**

### **OBJECTS, POWERS & APPLICATION OF INCOME**

#### 4 **Objects**

The Objects of the Company shall be to carry on the business of a general commercial company in support of (i) the maintenance and development of a college or school for the provision of teaching and research into the Natural Economy; (ii) expanding research and education capacity on the Natural Economy; (iii) support and encouragement of rural communities with significant Natural Economy assets; and (iv) the encouragement of people and communities across Scotland to grasp opportunities of the Natural Economy to deliver green recovery based on natural capital assets and without prejudice to the foregoing generality to undertake licensing or other commercial exploitation of research, inventions, ideas and products whether alone or in conjunction with others, including the Parent Company and/or any other subsidiary of the Parent Company.

#### 5 **Powers**

The directors may exercise all the powers of the Company for the purposes of its Objects.

#### 6 **Overriding provisions**

- 6.1 For as long as the holder of not less than 90% of the shares in the Company is SRUC (Registered Charity Number SC003712) or any company which is itself a subsidiary of SRUC (referred to in this article as the **Parent Company**), the following provisions shall apply and, to the extent of any inconsistency, shall have overriding effect as against all other provisions of these Articles:

- 6.1.1 the Parent Company may at any time and from time to time appoint any person to be a director or the company secretary or remove from office any director or the company secretary (whether or not appointed by the Parent Company) but so that in the case of an executive director or an executive secretary such removal from office shall be deemed to be an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between the director and the Company;
- 6.1.2 the Parent Company shall have the right to appoint the Chair of the board of directors of the Company and to remove such Chair from office;
- 6.1.3 the Parent Company may at any time and from time to time appoint any person (whether or not a director) to be a member of any committee of directors or remove from office any member of any such committee (whether or not appointed by the Parent Company);
- 6.1.4 any or all powers of the directors shall be restricted in such respects and to such extent as the Parent Company may by notice to the Company from time to time prescribe and any such restriction may be removed or varied in such regard and to such extent as the Parent Company may by notice to the Company from time to time prescribe, except that if upon receipt of any such notice the directors as a board advise the Parent

Company that they are concerned about the definition of the scope of their continuing duties, then the Parent Company shall forthwith either give to the board any necessary clarification or agree to grant to it such indemnity in respect of its future actions as the Parent Company considers reasonable in the circumstances;

- 6.1.5 no security or security interest shall be created or allowed to subsist without the consent of the Parent Company;
  - 6.1.6 any or all powers of the directors shall be restricted in such respects and to such extent as the Parent Company may by regulations issued to the Company or notice to the Company from time to time prescribe; and
  - 6.1.7 the Parent Company may, subject to such conditions and regulations as the directors may determine having regard to any obligation binding upon the Company to keep confidential information supplied to it by other persons, inspect personally or by the Parent Company's agent at any time and from time to time any account or book or document of the Company (and take and retain copies thereof).
- 6.2 Any such appointment, removal, consent or notice shall be in notice in writing served on the Company and signed on behalf of the Parent Company by any person authorised to do so by the directors of the Parent Company.
- 6.3 No person dealing with the Company shall be concerned to see or enquire as to whether the powers of the directors have been in any way restricted hereunder or as to whether any requisite consent of the Parent Company has been obtained. Moreover, no obligation incurred or security or security interest created or transaction effected by the Company to, in favour of or with any third party in excess of the powers of the directors as so restricted (but within the powers of the directors apart from any restriction imposed under this article) or without any requisite consent of the Parent Company shall be invalid or ineffectual unless the third party had at the time express notice that the incurring of such obligation or the creation of such security or security interest or the effecting of such transaction was in excess of the powers of the directors as so restricted and lacked any such requisite consent.

## **DIRECTORS**

### **7 Number of directors**

There shall be no maximum number of directors and the minimum number of directors shall be three. Notwithstanding the foregoing, no business shall be transacted at a meeting of the directors or any committee thereof unless there is in attendance throughout such meeting, a director or representative appointed by the Parent Company pursuant to article 6 or a director nominated by the Parent Company to attend such meeting on its behalf.

## **DIRECTORS' POWERS AND RESPONSIBILITIES**

### **8 Directors' general authority**

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.

### **9 Shareholders' reserve power**

- 9.1 Without prejudice to the rights of the Parent Company under article 6, the shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

- 9.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.
- 9.3 Notwithstanding the foregoing, any or all powers of the directors (or any of them) shall be restricted in such respects, to such extent and for such duration as the Parent Company may from time to time by notice in writing to the Company prescribe.

## 10 **Directors may delegate**

- 10.1 Subject to the Articles, the directors may delegate any of the powers which are conferred on them under these Articles:-
- 10.1.1 to such person or committee;
  - 10.1.2 by such means (including by power of attorney);
  - 10.1.3 to such an extent;
  - 10.1.4 in relation to such matters or territories; and
  - 10.1.5 on such terms and conditions,
- as they think fit.
- 10.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 10.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## 11 **Committees**

- 11.1 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.
- 11.2 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**

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

- 12.1 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 13.
- 12.2 If:-
- 12.2.1 the Company only has one director; and
  - 12.2.2 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.

**13 Unanimous decisions**

- 13.1 A decision of the directors is taken in accordance with this article 13 when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 13.2 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.
- 13.3 References in this article 13 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.
- 13.4 A decision may not be taken in accordance with this article 13 if the eligible directors would not have formed a quorum at such a meeting.

**14 Calling a directors' meeting**

- 14.1 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.
- 14.2 Notice of any directors' meeting must indicate:-
- 14.2.1 its proposed date and time;
  - 14.2.2 where it is to take place; and
  - 14.2.3 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.
- 14.3 Notice of a directors' meeting must be given to each director and must be in writing.
- 14.4 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 either before or 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.

**15 Participation in directors' meetings**

- 15.1 Subject to the Articles, directors participate in a directors' meeting, or part of a directors' meeting, when:-
- 15.1.1 the meeting has been called and takes place in accordance with the Articles; and
  - 15.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 15.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 15.3 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.

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

- 16.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 16.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but, where the Company has two or more directors, it must never be less than two, and unless otherwise fixed it is two. Where the Company has only a sole director, the quorum is one.
- 16.3 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:-
- 16.3.1 to appoint further directors; or
- 16.3.2 to call a general meeting so as to enable the shareholders to appoint further directors.

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

- 17.1 Subject to the terms of article 6, the directors may appoint a director to chair their meetings.
- 17.2 The person so appointed for the time being is known as the chair.
- 17.3 The directors may terminate the chair's appointment at any time.
- 17.4 If the chair 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.

## 18 **Casting vote**

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

## 19 **Transactions or other arrangements with the Company**

- 19.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided that such director has disclosed to the directors the nature and extent of any material interest of such director, a director who is interested in any way, whether directly or indirectly, in an existing or proposed transaction or arrangement with the Company:
- 19.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- 19.1.2 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
- 19.1.3 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 the director is interested;

- 19.1.4 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 the director is interested;
- 19.1.5 may act by themselves or their firm in a professional capacity for the Company (otherwise than as auditor) and the director or their firm shall be entitled to remuneration for professional services as if such person were not a director; and
- 19.1.6 shall not, save as the director may otherwise agree, be accountable to the Company for any benefit which such director derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- 19.2 For the purposes of article 19.1:
- 19.2.1 references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting;
- 19.2.2 a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- 19.2.3 an interest of which a director has no knowledge and of which it is unreasonable to expect such director to have knowledge shall not be treated as an interest of that director.
- 19.3 Subject to article 19.4, 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 chair whose ruling in relation to any director other than the chair is to be final and conclusive.
- 19.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

## 20 **Directors' conflicts of interest**

- 20.1 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 that director's duty under section 175 of the Act to avoid conflicts of interest (a **Conflict**).
- 20.2 Any authorisation under this article will be effective only if:
- 20.2.1 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;
- 20.2.2 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

20.2.3 the matter was agreed to without the director voting or would have been agreed to if the director's vote had not been counted.

20.3 Any authorisation of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):

20.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;

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

20.3.3 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.

20.4 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 that director's involvement in the Conflict otherwise than as a director of the Company and in respect of which such director owes a duty of confidentiality to another person, the director is under no obligation to:

20.4.1 disclose such information to the directors or to any director or other officer or employee of the Company, or

20.4.2 use or apply any such information in performing the director's duties as a director,

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

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

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

20.5.2 is not given any documents or other information relating to the Conflict, and

20.5.3 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.

20.6 Where the directors authorise a Conflict:

20.6.1 the director will be obliged to conduct such director in accordance with any terms imposed by the directors in relation to the Conflict, and

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

20.7 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 the director 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.

- 20.8 For the purposes of this article 20 the following are permitted causes:
- 20.8.1 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;
  - 20.8.2 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
  - 20.8.3 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.
- 20.9 For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- 20.10 Subject to article 20.11, 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 chair whose ruling in relation to any director other than the chair is to be final and conclusive.
- 20.11 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

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

In accordance with section 248 of the Act, the directors must ensure that the Company keeps a record in writing of all proceedings at meetings of the directors for a period of ten years from the date of the meeting.

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

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**

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

- 23.1 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:-
- 23.1.1 by ordinary resolution, or
  - 23.1.2 by a decision of the directors.
- 23.2 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 such director (as the case may be) have the right, by notice in writing, to appoint a person to be a director.

- 23.3 For the purposes of article 23.2, 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.

## 24 **Term of office and retiral of directors**

- 24.1 A director who is, or was prior to the date of adoption of these articles, elected to office as a director shall hold office as a director for a period of three years from that director's date of appointment, at which point such director must retire from office.
- 24.2 A retiring director to whom article 24.1 applies shall be eligible to continue in office for a further period of three years. provided that a director shall not, subject always to article , hold office for more than two consecutive three-year periods. A director, who is re-appointed to office, shall, subject always to article, hold office for a further period of three years from that director's date of re-appointment, at which point such director must retire from office. Any director, having retired from office and not been re-appointed, shall vacate office as a director of the Company and shall not be eligible to be appointed again as a director of the Company for a period of 12 months.
- 24.3 In exceptional circumstances, with the approval of not less than three quarters of the directors, a retiring director who has completed two three-year terms may be re-appointed for a further term, not exceeding three years, determined by the board of directors of the Company.
- 24.4 Upon retiral of a director the board of directors may fill the vacancy so arising by appointing another person thereto and in default thereof the retiring director shall, if that director is offering to be re-appointed in accordance with article 24.2 be deemed to have been re-appointed unless at such meeting it is resolved not to fill such vacancy or the resolution for re-appointment of the retiring director shall not have been approved by the meeting.
- 24.5 Without prejudice to articles 24.2 and 24.6 the Company may by ordinary resolution of which special notice has been given remove any director in pursuance of section 168 of the Act before the expiration of that director's period of office notwithstanding anything in these articles or in any agreement between the Company and such director. Such removal shall be without prejudice to any claims such director may have for damages for breach of any contract of services between that director and the Company.
- 24.6 The Company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding article. The Company in a general meeting may appoint any person to be a director to fill a casual vacancy thus created. Such appointment, shall for the avoidance of doubt, be treated as that director's first appointment for the purposes of article 24.1 and articles 24.1 and 24.2 shall thereupon apply to that director.

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

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

- 25.1 that person ceases to be a director by virtue of any provision of the Act, these Articles or is prohibited from being a director by law;
- 25.2 a bankruptcy order is made against that person;
- 25.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;

- 25.4 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
- 25.5 notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

## 26 **Directors' remuneration**

- 26.1 Directors may undertake any services for the Company that the directors decide.
- 26.2 Unless otherwise approved in writing by the Parent Company, no director shall be entitled to any remuneration as a director. Any remuneration approved by the Parent Company shall be such amount and take such form as the Parent Company shall determine.

## 27 **Directors' expenses**

The Company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:-

- 27.1 meetings of directors or committees of directors;
- 27.2 general meetings; or
- 27.3 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.

## **COMPANY SECRETARY**

### 28 **Company secretary**

- 28.1 In accordance with the Act, the Company shall not be required to have a company secretary.
- 28.2 Notwithstanding article 28.1, the Company may resolve to appoint a company secretary, or remove a company secretary so appointed:
- 28.2.1 by ordinary resolution; or
- 28.2.2 by a decision of the directors.
- 28.3 A person ceases to be company secretary as soon as notification in writing is received by the Company from the company secretary that the company secretary is resigning from office, and such resignation has taken effect in accordance with its terms.

## **PART 3 SHARES AND DISTRIBUTIONS**

### **SHARES**

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

- 29.1 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.
- 29.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

### 30 **Disapplication of statutory pre-emption rights**

In accordance with Section 567 of the Act, Sections 561 and 562 of the Act shall be excluded from applying to the Company, and the directors shall be entitled to allot equity securities in accordance with Sections 569 and 570 of the Act.

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

31.1 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.

31.2 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.

### 32 **Trusts may be recognised**

Except as required by law, the Company is not in any way required to recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it. The Company shall however be entitled to register trustees as such in respect of any shares.

### 33 **Share certificates**

33.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

33.2 Every certificate must specify:-

33.2.1 in respect of how many shares, of what class, it is issued;

33.2.2 the nominal value of those shares;

33.2.3 that the shares are fully paid; and

33.2.4 any distinguishing numbers assigned to them.

33.3 No certificate may be issued in respect of shares of more than one class.

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

33.5 Certificates must be executed in accordance with the Act.

### 34 **Replacement share certificates**

34.1 If a certificate issued in respect of a shareholder's shares is:-

34.1.1 damaged or defaced; or

34.1.2 said to be lost, stolen or destroyed,

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

34.2 A shareholder exercising the right to be issued with such a replacement certificate:-

34.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

34.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

34.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

### 35 **Share transfers**

35.1 The Parent Company or its successor or successors may transfer any of the shares in the Company registered in its name to any subsidiary of the Parent Company or to any holding company of the Parent Company or any subsidiary of such holding company.

35.2 Any transfer presented to the directors for registration pursuant to article 35.1 must, if duly signed and stamped and lodged at the registered office of the Company accompanied by the certificate for the shares to which it relates, be approved by the directors for registration.

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

35.4 The Company may retain any instrument of transfer which is registered.

35.5 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

35.6 Save as provided in articles 35.1 and 35.2, the directors may decline to register may decline to register any transfer of any shares in the Company without assigning any reason therefor.

### 36 **Transmission of shares**

36.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.

36.2 A transmittee who produces such evidence of entitlement to shares as the directors may properly require:-

36.2.1 may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and

36.2.2 subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

36.3 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.

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

37.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.

37.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

37.3 Any transfer made or executed under this article 37 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.

### 38 **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 has been entered in the register of members.

## **PARTLY PAID AND NIL PAID SHARES**

### 39 **Company's power to issue**

Shares may be issued as nil, partly or fully paid.

### 40 **Company's lien over partly paid and nil paid shares**

40.1 The Company has a lien (**the Company's lien**) over every share which is partly paid or nil paid for any part of:-

40.1.1 that share's nominal value, and

40.1.2 any premium at which it was issued,

which has not been paid to the Company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

40.2 The Company's lien over a share:-

40.2.1 takes priority over any third party's interest in that share, and

40.2.2 extends to any dividend or other money payable by the Company in respect of that share

40.2.3 and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share.

40.3 The directors may at any time decide that a share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part.

### 41 **Enforcement of the Company's lien**

41.1 Subject to the provisions of this article, if:-

41.1.1 a lien enforcement notice has been given in respect of a share, and

41.1.2 the person to whom the notice was given has failed to comply with it,

the Company may sell that share in such manner as the directors decide.

41.2 A lien enforcement notice:-

41.2.1 may only be given in respect of a share which is subject to the Company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;

41.2.2 must specify the share concerned;

- 41.2.3 must require payment of the sum payable within 14 days of the notice;
  - 41.2.4 must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise; and
  - 41.2.5 must state the Company's intention to sell the share if the notice is not complied with.
- 41.3 Where shares are sold under this article:-
- 41.3.1 the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and
  - 41.3.2 the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- 41.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:-
- 41.4.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice,
  - 41.4.2 second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the Company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the Company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice.
- 41.5 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the Company's lien on a specified date:-
- 41.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
  - 41.5.2 subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

## 42 Call notices

- 42.1 Subject to the articles and the terms on which shares are allotted, the directors may send a notice (a **call notice**) to a member requiring the member to pay the Company a specified sum of money (a **call**) which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice.
- 42.2 A call notice:-
- 42.2.1 may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the Company by way of premium);
  - 42.2.2 must state when and how any call to which it relates it is to be paid; and
  - 42.2.3 may permit or require the call to be paid by instalments.

42.3 A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.

42.4 Before the Company has received any call due under a call notice the directors may:-

42.4.1 revoke it wholly or in part, or

42.4.2 specify a later time for payment than is specified in the notice,

by a further notice in writing to the member in respect of whose shares the call is made.

#### 43 **Liability to pay calls**

43.1 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.

43.2 Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

43.3 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:-

43.3.1 to pay calls which are not the same, or

43.3.2 to pay calls at different times.

#### 44 **When call notice need not be issued**

44.1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share (whether in respect of nominal value or premium):-

44.1.1 on allotment;

44.1.2 on the occurrence of a particular event; or

44.1.3 on a date fixed by or in accordance with the terms of issue.

44.2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

#### 45 **Failure to comply with call notice: automatic consequences**

45.1 If a person is liable to pay a call and fails to do so by the call payment date:-

45.1.1 the directors may issue a notice of intended forfeiture to that person, and

45.1.2 until the call is paid, that person must pay the Company interest on the call from the call payment date at the relevant rate.

45.2 For the purposes of this article:-

45.2.1 the **call payment date** is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the call payment date is that later date;

- 45.2.2 the **relevant rate** is:-
- 45.2.2.1 the rate fixed by the terms on which the share in respect of which the call is due was allotted;
- 45.2.2.2 such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
- 45.2.2.3 if no rate is fixed in either of these ways, 5 per cent per annum.
- 45.2.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.

45.3 The directors may waive any obligation to pay interest on a call wholly or in part.

#### 46 **Notice of intended forfeiture**

A notice of intended forfeiture:-

- 46.1 may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
- 46.2 must be sent to the holder of that share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;
- 46.3 must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;
- 46.4 must state how the payment is to be made; and
- 46.5 must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

#### 47 **Directors' power to forfeit shares**

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

#### 48 **Effect of forfeiture**

- 48.1 Subject to the articles, the forfeiture of a share extinguishes:-
- 48.1.1 all interests in that share, and all claims and demands against the Company in respect of it, and
- 48.1.2 all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the Company.
- 48.2 Any share which is forfeited in accordance with these articles:-
- 48.2.1 is deemed to have been forfeited when the directors decide that it is forfeited;

- 48.2.2 is deemed to be the property of the Company; and
- 48.2.3 may be sold, re-allotted or otherwise disposed of as the directors think fit.
- 48.3 If a person's shares have been forfeited:-
  - 48.3.1 the Company must send that person notice that forfeiture has occurred and record it in the register of members;
  - 48.3.2 that person ceases to be a member in respect of those shares;
  - 48.3.3 that person must surrender the certificate for the shares forfeited to the Company for cancellation;
  - 48.3.4 that person remains liable to the Company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
  - 48.3.5 the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- 48.4 At any time before the Company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

#### 49 Procedure following forfeiture

- 49.1 If a forfeited share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.
- 49.2 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date:-
  - 49.2.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
  - 49.2.2 subject to compliance with any other formalities of transfer required by these articles or by law, constitutes a good title to the share.
- 49.3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.
- 49.4 If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which:-
  - 49.4.1 was, or would have become, payable, and
  - 49.4.2 had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds and the Company is not required to account for any money earned on them.

## 50 Surrender of shares

- 50.1 A member may surrender any share:-
- 50.1.1 in respect of which the directors may issue a notice of intended forfeiture;
  - 50.1.2 which the directors may forfeit; or
  - 50.1.3 which has been forfeited.
- 50.2 The directors may accept the surrender of any such share.
- 50.3 The effect of surrender on a share is the same as the effect of forfeiture on that share.
- 50.4 A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

## DIVIDENDS AND OTHER DISTRIBUTIONS

### 51 Procedure for declaring dividends

- 51.1 The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 51.2 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.
- 51.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 51.4 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.
- 51.5 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.
- 51.6 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.
- 51.7 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.

### 52 Payment of dividends and other distributions

- 52.1 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:-
- 52.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;

- 52.1.2 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;
  - 52.1.3 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
  - 52.1.4 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.
- 52.2 In the Articles, the **distribution recipient** means, in respect of a share in respect of which a dividend or other sum is payable:-
- 52.2.1 the holder of the share; or
  - 52.2.2 if the share has two or more joint holders, whichever of them is named first in the register of members; or
  - 52.2.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

### 53 **No interest on distributions**

The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:-

- 53.1 the terms on which the share was issued; or
- 53.2 the provisions of another agreement between the holder of that share and the Company.

### 54 **Unclaimed distributions**

- 54.1 All dividends or other sums which are:-
  - 54.1.1 payable in respect of shares; and
  - 54.1.2 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.
- 54.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 54.3 If:-
  - 54.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and
  - 54.3.2 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.

## 55 Non-cash distributions

- 55.1 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).
- 55.2 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:-
- 55.2.1 fixing the value of any assets;
  - 55.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
  - 55.2.3 vesting any assets in trustees.

## 56 Waiver of distributions

- 56.1 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:-
- 56.1.1 the share has more than one holder; or
  - 56.1.2 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.

## COVENANTING OF PROFITS

### 57 Authority to covenant profits

The Company shall grant and enter into such covenant, deed or minute of agreement for the purpose of making over its profits or any part thereof by way of donation, gift aid or otherwise to the Parent Company, in such form and at such time or times as the Parent Company may direct.

## CAPITALISATION OF PROFITS

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

- 58.1 Subject to the Articles, the directors may, if they are so authorised by an ordinary resolution:-
- 58.1.1 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
  - 58.1.2 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.

- 58.2 Capitalised sums must be applied:-
- 58.2.1 on behalf of the persons entitled; and
  - 58.2.2 in the same proportions as a dividend would have been distributed to them.
- 58.3 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.
- 58.4 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.
- 58.5 Subject to the Articles the directors may:-
- 58.5.1 apply capitalised sums in accordance with articles 58.3 and 58.4 partly in one way and partly in another;
  - 58.5.2 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
  - 58.5.3 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**

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

- 59.1 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.
- 59.2 A person is able to exercise the right to vote at a general meeting when:-
- 59.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
  - 59.2.2 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.
- 59.3 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.
- 59.4 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.
- 59.5 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.

## 60 **Quorum for general meetings**

- 60.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.
- 60.2 Where the Company has only one shareholder for the time being, one qualifying person present at the meeting shall be a quorum. In any other case, the quorum shall be:
- 60.2.1 the Parent Company present in person, by proxy or by authorised representative; or
- 60.2.2 if the Company does not have a Parent Company for the time being, any two shareholders present in person, by proxy or by authorised representative.

## 61 **Chairing general meetings**

- 61.1 If the directors have appointed a chair, the chair shall chair general meetings if present and willing to do so.
- 61.2 If the directors have not appointed a chair, or if the chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:-
- 61.2.1 the directors present; or
- 61.2.2 (if no directors are present), the meeting,
- must appoint a director or shareholder to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.
- 61.3 The person chairing a meeting in accordance with this article is referred to as the chair of the meeting.

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

- 62.1 Directors may attend and speak at general meetings, whether or not they are shareholders.
- 62.2 The chair of the meeting may permit other persons who are not:-
- 62.2.1 shareholders of the Company; or
- 62.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,
- to attend and speak at a general meeting.

## 63 **Adjournment**

- 63.1 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 chair of the meeting must adjourn it.
- 63.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if:-
- 63.2.1 the meeting consents to an adjournment; or

- 63.2.2 it appears to the chair 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.
- 63.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 63.4 When adjourning a general meeting, the chair of the meeting must:-
- 63.4.1 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
- 63.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 63.5 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):-
- 63.5.1 to the same persons to whom notice of the Company's general meetings is required to be given, and
- 63.5.2 containing the same information which such notice is required to contain.
- 63.6 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**

### **64 Voting: general**

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.

### **65 Errors and disputes**

- 65.1 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.
- 65.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

### **66 Poll votes**

- 66.1 A poll on a resolution may be demanded:-
- 66.1.1 in advance of the general meeting where it is to be put to the vote; or
- 66.1.2 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.
- 66.2 A poll may be demanded at any general meeting by any qualifying person present and entitled to vote at the meeting.
- 66.3 A demand for a poll may be withdrawn if:-
- 66.3.1 the poll has not yet been taken; and

66.3.2 the chair of the meeting consents to the withdrawal,

and a demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made.

66.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

## 67 **Content of proxy notices**

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

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

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

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

67.1.4 is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the general 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 general meeting.

67.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

67.3 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.

67.4 Unless a proxy notice indicates otherwise, it must be treated as:-

67.4.1 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

67.4.2 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.

## 68 **Delivery of proxy notices**

68.1 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.

68.2 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.

68.3 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.

- 68.4 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.

## 69 **Amendments to resolutions**

- 69.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:-
- 69.1.1 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 chair of the meeting may determine); and
  - 69.1.2 the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.
- 69.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:-
- 69.2.1 the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - 69.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 69.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

## **PART 5**

### **ADMINISTRATIVE ARRANGEMENTS**

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

- 70.1 Subject to these Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which section 1144 and Schedules 4 and 5 of the Act 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.
- 70.2 Subject to these 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.
- 70.3 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.

#### **71 Deemed delivery of documents and information**

- 71.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 71.1.1 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);

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

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

71.1.4 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.

71.2 For the purposes of this article 71, no account shall be taken of any part of a day that is not a business day.

71.3 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.

## 72 **Company seals**

72.1 Unless and until the directors resolve otherwise, the Company shall not have a common seal.

72.2 The directors may decide by what means and in what form any common seal is to be used.

72.3 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.

72.4 For the purposes of this article, an authorised person is:-

72.4.1 any director of the company;

72.4.2 the company secretary (if any); or

any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

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

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.

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

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.

## 75 Winding Up

If on the winding-up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall be distributed to the Parent Company or as it may direct.

## DIRECTORS' INDEMNITY AND INSURANCE

### 76 Indemnity

76.1 Subject to article 76.2, and without prejudice to any indemnity to which a relevant director is otherwise entitled, a relevant director of the Company or an associated company may be indemnified out of the Company's assets against:-

76.1.1 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;

76.1.2 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 Act); and

76.1.3 any other liability incurred by that director as an officer of the Company or an associated company.

76.2 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.

76.3 In this article:-

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

76.3.2 a **relevant director** means any director or former director of the Company or an associated company.

### 77 Insurance

77.1 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.

77.2 In this article:-

77.2.1 a **relevant director** means any director or former director of the Company or an associated company;

77.2.2 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

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

**78 Borrowing powers**

78.1 The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and issue debentures, bonds and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

78.2 Any debentures, bonds or other securities may be issued at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares or otherwise as the directors may from time to time determine.

**79 Governing Law**

These articles shall be governed by and construed in accordance with Scots Law and the company, its officers and members from time to time submit to the non-exclusive jurisdiction of the Scottish Courts.