

Company No 0029846

Wolseley Limited

**ARTICLES OF ASSOCIATION**

(Adopted by special resolution passed on 23 November 2010)

THURSDAY



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COMPANIES HOUSE

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**PART 1**  
**INTERPRETATION AND LIMITATION OF LIABILITY**

**1. Exclusion of other regulations and defined terms**

- (1) No regulations or model articles contained in any statute or subordinate legislation, including those contained in the Model Articles, apply to this company
- (2) In the articles, unless the context requires otherwise

**"A Ordinary Share"** means the one A ordinary share in the capital of the company whose rights are set out in article 35,

**"appointor"** has the meaning given in article 27,

**"articles"** means the company's articles of association,

**authorised person**" has the meaning given in article 63,

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

**"capitalised sum"** has the meaning given in article 49,

**"chairman"** has the meaning given in article 12,

**"chairman of the meeting"** has the meaning given in article 52,

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

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

**"distribution recipient"** has the meaning given in article 43,

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

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

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

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

**"High Court"** means the High Court of Justice in England and Wales,

**"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,

**"Model Articles"** means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) regulations 2008 (SI 2009/3229) as amended prior to the adoption of these articles

**"New Member"** has the meaning given in article 34,

**"New Wolseley"** means Wolseley plc, a company limited by shares incorporated in Jersey under the Jersey Companies Law with registered number 106605,

**"New Wolseley Shares"** means the ordinary shares of 10 pence each in the capital of New Wolseley to be issued credited as fully paid in accordance with Clause 2 of the Scheme,

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

**"Ordinary Shares"** means the share capital of the company other than the A Ordinary Share,

**"paid"** means paid or credited as paid,

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

**"persons entitled"** has the meaning given in article 49,

**"proxy notice"** has the meaning given in article 57,

**"relevant director"** has the meaning given in articles 70 and 71,

**"relevant loss"** has the meaning given in article 71,

**"Scheme"** has the meaning given in article 34,

**"Scheme Effective Date"** means the date on which the Scheme became effective in accordance with its terms, being 23 November 2010,

**"Scheme Shares"** means

(i) all Ordinary Shares in issue at the date of the Scheme and remaining in issue at the Scheme Record Time (being 6 00pm London Time on the business day immediately preceding the date of the second Court Hearing of the Scheme),

(ii) all additional (if any) Ordinary Shares in issue 48 hours prior to the Court Meeting at which the Scheme was approved and remaining in issue at the Scheme Record Time, and

(iii) all further (if any) Ordinary Shares which may be in issue up to the Scheme Record Time in respect of which the original or any subsequent holder shall be bound or shall have agreed in writing by such time to be bound by the Scheme and remaining in issue,

**"shareholder"** means a person who is the holder of a share,

**"shares"** means shares in the company,

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

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

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

**"United Kingdom"** means Great Britain and Northern Ireland,

**"unpaid"** means not paid or credited as paid, and

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

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

## **2. Liability of members**

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

## **PART 2: DIRECTORS**

### **DIRECTORS' POWERS AND RESPONSIBILITIES**

#### **3. 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

#### **4. Shareholders' reserve power**

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

#### **5. Directors may delegate**

- (1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles
- (a) to such person or committee,
- (b) by such means (including by power of attorney),
- (c) to such an extent,

- (d) in relation to such matters or territories, and
  - (e) on such terms and conditions;
- as they think fit
- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated
  - (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions

#### **6. Committees**

- (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors
- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them
- (3) The directors may establish local or divisional boards or agencies for managing any of the affairs of the company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of the local or divisional boards, or any managers or agents, and may fix their remuneration. The directors may delegate to any local or divisional board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the directors, with power to sub-delegate, and may authorise the members of any local or divisional board, or any of them, to fill any vacancies and to act notwithstanding vacancies. Any appointment or delegation made pursuant to this article may be made upon such terms and subject to such conditions as the directors may decide and the directors may remove any person so appointed and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it

### **DECISION-MAKING BY DIRECTORS**

#### **7. Directors to take decisions collectively**

The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8

#### **8. Unanimous decisions**

- (1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing

(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting

(4) A decision may not be taken in accordance with this article if the eligible director would not have formed a quorum at such a meeting

#### **9. Calling a directors' meeting**

(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice

(2) Notice of any directors' meeting must indicate

(a) its proposed date and time,

(b) where it is to take place, and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting

(3) Notice of a directors' meeting must be given to each director, but need not be in writing

(4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it

#### **10. Participation in directors' meetings**

(1) Any director or member of a committee of the directors may participate in a meeting of the directors or such committee by electronic means in accordance with section 360A of the Companies Act 2006, whereby all persons participating in the meeting can hear each other and participation in a meeting shall be deemed to constitute presence in person at such meeting

(2) 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 one of them is

#### **11. Quorum for directors' meetings**

(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting

(2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two

(3) If the total number of directors for the time being in office is less than the quorum required, the directors must not take any decision other than a decision



- (a) to appoint further directors, or
  - (b) to call a general meeting so as to enable the shareholders to appoint further directors
- (4) In the event that a decision is taken in a directors' meeting when such a meeting is not quorate, the decision may be ratified by the directors at any subsequent directors' meeting or in accordance with article 8

## **12. Chairing of directors' meetings**

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

## **13. Casting vote**

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

## **14. Conflicts of interest**

- (1) For the purposes of s175 of the Companies Act 2006, the directors may authorise any matter proposed to them in accordance with these articles which would, if not so authorised, involve a breach of duty by a director under that section, including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the company such as where a conflict arises because a director is a director of other companies in the Group. Any such authorisation will be effective only if
  - (a) any requirement as to quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director,
  - (b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted, and
  - (c) it is in accordance with sections 232 to 235 of the Companies Act 2006
- (2) The directors may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation is otherwise given to the fullest extent permitted. The directors may vary or terminate any such authorisation at any time

- (3) For the purposes of these articles, a conflict of interest includes a conflict of interests and duty and a conflict of duties, and interest includes both direct and indirect interests

**15. Director may contract with the company and hold other offices etc**

Provided that a director has disclosed to the directors the nature and extent of their interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Companies Act 2006 apply, in which case no such disclosure is required), a director notwithstanding his office

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested,
- (b) may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director, and
- (c) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate
  - (i) in which the company is (directly or indirectly) interested as shareholder or otherwise, or
  - (ii) which is the parent undertaking of the company or a subsidiary undertaking of any parent undertaking of the company, or
  - (iii) with which he has such a relationship at the request or direction of the company or any parent undertaking of the company or a subsidiary undertaking of any parent undertaking of the company

**16. Remuneration, benefits etc**

A director shall not, by reason of his office, be accountable to the company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate

- (a) the acceptance, entry into or existence of which has been approved by the directors pursuant to article 14(1) (subject, in any such case, to any limits or conditions to which such approval was subject), or
- (b) which he is permitted to hold or enter into by virtue of article 15(a), 15(b) or 15(c),

nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Companies Act 2006

**17. Notification of interests**

Any disclosure required by article 15 may be made at a meeting of the directors, by notice in writing or by general notice or otherwise in accordance with section 177 of the Companies Act 2006

**18. Duty of confidentiality to another person**

A director shall be under no duty to the company with respect to any information which he obtains or has obtained otherwise than as a director of the company and in respect of which he owes a duty of confidentiality to another person. However, to the extent that his relationship with that other person gives rise to a conflict of interest or possible conflict of interest, this article applies only if the existence of that relationship has been approved by the directors pursuant to article 14. In particular, the director shall not be in breach of the general duties he owes to the company by virtue of sections 171 to 177 of the Companies Act 2006 because he fails

- (a) to disclose any such information to the directors or to any director or other officer or employee of the company, and/or
- (b) to use or apply any such information in performing his duties as a director of the company

**19. Consequences of authorisation**

(1) Where the existence of a director's relationship with another person has been approved by the directors pursuant to article 14 and his relationship with that person gives rise to a conflict of interest or possible conflict of interest, the director shall not be in breach of the general duties owed to the company by virtue of sections 171 to 177 of the Companies Act 2006 because he

- (a) absents himself from meetings of the directors at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise, and/or
- (b) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the company and/or for such documents and information to be received and read by a professional adviser,

for so long as he reasonably believes such conflict of interest or possible conflict of interest subsists

**20. Without prejudice to equitable principles or rule of law**

The provisions of articles 18 and 19 are without prejudice to any equitable principle or rule of law which may excuse the director from

- (a) disclosing information, in circumstances where disclosure would otherwise be required under these articles, or
- (b) attending meetings or discussions or receiving documents and information as referred to in article 19, in circumstances where such attendance or receiving such documents and information would otherwise be required under these articles

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

The directors must ensure that the company keeps a record, in writing of every unanimous or majority decision taken by the directors.

**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 their decisions, and about how such rules are to be recorded or communicated to directors

**23. Change of name**

The company may change its name by a decision of the directors

**APPOINTMENT OF DIRECTORS**

**24. Methods of appointing directors**

Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director.

- (a) by ordinary resolution, or
- (b) by a decision of the directors

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

A person ceases to be a director as soon as.

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,
- (b) a bankruptcy order is made against that person,
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts,
- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have, or
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms

**26. Removal of a director**

A director may be removed from his office if

- (a) he shall for more than six consecutive months have been absent without permission of the directors from the meetings of directors held

during that period and the directors resolve that his office be vacated,  
or

- (b) he is removed by unanimous resolution of the other directors

## **27. Alternate Directors**

- (1) A director (other than an alternate director) (the "appointor") may appoint as an alternate director any other director, or any such other person approved by a resolution of the directors and willing to act as the alternate of the appointor. An alternate director is allowed to represent more than one director.
- (2) An alternate director shall be entitled at any meeting of the directors or of any committee of the directors (where that person's appointor is not participating) to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.
- (2) An alternate director may exercise the appointor's powers and carry out that director's responsibilities in relation to the taking of decisions by the directors in the absence of the appointor. He is not entitled to receive any remuneration from the company for serving as an alternate director.
- (3) Except as the articles specify otherwise, alternate directors are
  - (a) deemed for all purposes to be directors,
  - (b) liable for their own acts and omissions,
  - (c) subject to the same restrictions as their appointor; and
  - (d) not deemed to be agents of or for their appointor.
- (4) An alternate director's appointment as an alternate terminates
  - (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate,
  - (b) 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,
  - (c) on the death of the alternate's appointor, or
  - (d) when the alternate's appointor's appointment as a director terminates.

## **28. Directors' remuneration**

- (1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as the directors determine
  - (a) for their services to the company as directors, and
  - (b) for any other service which they undertake for the company.

- (3) Subject to the articles, a director's remuneration may
  - (a) take any form, and
  - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested

**29. Directors' expenses**

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

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

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

#### **SHARES**

**30. All shares to be fully paid**

- (1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue
- (2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum

**31. Exclusion of pre-emption rights**

The pre-emption provisions in sections 561 and 562 of the Companies Act 2006 shall not apply to any allotment of equity securities made by the company

**32. Powers to issue different classes of share**

- (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution
- (2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may

determine the terms, conditions and manner of redemption of any such shares

- (3) The company may allot shares for cash in a currency other than that in which it is denominated and for the purpose of determining the amount paid up on any such share in the currency in which it is denominated the directors may determine a value at which the currency tendered for payment shall be translated into either sterling, Euros, or into any other currency, as appropriate, and as agreed by the directors. Any shares allotted for a consideration other than cash shall have a value ascribed thereto which is denominated in the same currency as the relevant share

**33. Company not bound by less than absolute interests**

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

**34. Shares not otherwise subject to the Scheme**

- (1) In this article only, references to the "Scheme" are references to the scheme of arrangement between the company and its members dated 1 October 2010 under sections 895 and 899 of the Companies Act 2006, in its original form or with or subject to any modification, addition or condition approved or imposed by the High Court and (save as defined in this article) expressions defined in the Scheme shall have the same meaning in this article
- (2) Notwithstanding any other provisions in these articles, if any Ordinary Shares are allotted and issued to any person (a "New Member") other than New Wolseley and/or its nominee or nominees after the time at which this article becomes effective and before the Scheme Record Time, such Ordinary Shares shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes thereof and the New Member, and any subsequent holder other than New Wolseley and/or its nominee or nominees, shall be bound by the terms of the Scheme.
- (3) If any Ordinary Shares are allotted and issued to a New Member after the Scheme Record Time, they will immediately be transferred to New Wolseley and/or its nominee or nominees in consideration of and conditional on the issue or transfer to the New Member of one New Wolseley Share for every one Ordinary Share so transferred. The New Wolseley Shares issued or transferred pursuant to this article 34 to the New Member will be credited as fully paid and will rank equally in all respects with all New Wolseley Shares in issue at the time and be subject to the memorandum and articles of association of New Wolseley
- (4) The number of New Wolseley Shares to be issued or transferred to the New Member under this article 34 may be adjusted by the directors of the company in such manner as the company's auditors may determine on any reorganisation or material alteration of the share capital of either the company or of New Wolseley or any other return of value to holders of New Wolseley Shares, provided always that any fractions of New Wolseley Shares shall be disregarded and shall be aggregated and sold for the benefit of New Wolseley

- (5) In order to give effect to any such transfer required by this article 34, the company may appoint any person to execute and deliver a form of transfer on behalf of the New Member in favour of New Wolseley and/or its nominee or nominees and to agree for and on behalf of the New Member to become a member of New Wolseley. Pending the registration of New Wolseley as holder of any share to be transferred pursuant to this article 34, New Wolseley shall be empowered to appoint a person nominated by the directors of the company to act as attorney on behalf of any holder of such share in accordance with such directions as New Wolseley may give in relation to any dealings with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and any holder of such share shall exercise all rights attached thereto in accordance with the directions of New Wolseley but not otherwise.

**35 A Ordinary Shares**

The A Ordinary Share shall rank *pari passu* with the Ordinary Shares, save as set out below:

- (a) the A Ordinary Share shall not entitle the holder of the A Ordinary Share to receive notice of, or attend or vote at, any general meeting of the company,
- (b) the A Ordinary Share shall not, otherwise than as provided in the paragraph (c) below, be transferable, and
- (c) the company shall have an irrevocable authority from the holder of the A Ordinary Share at any time to do all or any of the following without obtaining the sanction of the holder of the A Ordinary Share
  - (i) to appoint any person to execute on behalf of the holder of the A Ordinary Share a transfer of that A Ordinary Share and/or an agreement to transfer such A Ordinary Share (without making any payment for them) to such person as the company may determine,
  - (ii) to purchase the A Ordinary Share in accordance with the Act without obtaining the consent of the holder of that A Ordinary Share in consideration of the payment to the holder whose A Ordinary Share is being purchased of an amount equal to one penny in respect of the A Ordinary Share being purchased,
  - (iii) for the purposes of any such purchase, to appoint any person to execute a contract for the sale of such A Ordinary Share to the company on behalf of the holder of such A Ordinary Share,
  - (iv) to cancel the A Ordinary Share purchased in accordance with the Companies Act 2006, and
  - (v) pending any such transfer, purchase or cancellation, to retain the certificate (if any) for the A Ordinary Share

**36. Share certificates**

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



- (2) Every certificate must specify:
  - (a) in respect of how many shares, of what class, it is issued,
  - (b) the nominal value of those shares,
  - (c) the amount or respective amounts paid up thereon , and
  - (d) any distinguishing numbers assigned to them
- (3) No certificate may be issued in respect of shares of more than one class
- (4) If more than one person holds a share, only one certificate may be issued in respect of it
- (5) Certificates must
  - (a) have affixed to them the company's common seal, and/or
  - (b) be otherwise executed in accordance with the Companies Acts

**37. Replacement share certificates**

- (1) If a certificate issued in respect of a shareholder's shares is.
  - (a) damaged or defaced, or
  - (b) said to be lost, stolen or destroyed,that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- (2) A shareholder exercising the right to be issued with such a replacement certificate
  - (a) may at the same time exercise the right to be issued with a single certificate or separate certificates,
  - (b) must return the certificate which is to be replaced to the company if it is damaged or defaced, and
  - (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide

**38. Share transfers**

- (1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor
- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share
- (3) The company may retain any instrument of transfer which is registered
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it

- (5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

**39. Transmission of shares**

- (1) If title to a share passes to a transmittee, the company may only recognize the transmittee as having any title to that share
- (2) Subject to article 39(3), a transmittee who produces such evidence of entitlement to shares as the directors may properly require
- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
- (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had
- (3) 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 event which gave rise to the transmission, unless they become the holders of those shares

**40. Exercise of transmittees' rights**

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

**41. 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

**DIVIDENDS AND OTHER DISTRIBUTIONS**

**42. Procedure for declaring dividends**

- (1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights

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

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

- (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means
  - (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide, or
  - (b) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable
  - (a) the holder of the share; or
  - (b) if the share has two or more joint holders, whichever of them is named first in the register of members, or
  - (c) if the holder is no longer entitled to the share by reason of death bankruptcy, liquidation or otherwise by operation of law, the transmittee

#### **44. 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

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

#### **45. Unclaimed distributions**

- (1) All dividends or other sums which are
  - (a) payable in respect of shares, and

(b) unclaimed after having been declared or become payable,

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

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

(3) If

(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and

(b) the distribution recipient has not claimed it,

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

#### **46. Non-cash distributions**

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

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

(a) fixing the value of any assets,

(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients, and

(c) vesting any assets in trustees

#### **47. Waiver of distributions**

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

#### **48. Distribution in specie on winding up**

If the company is wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by law, divide among the shareholders in specie the whole or any part of the assets of the company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability

## CAPITALISATION OF PROFITS

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

- (1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution
  - (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
  - (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions
- (2) Capitalised sums must be applied:
  - (a) on behalf of the persons entitled, and
  - (b) in the same proportions as a dividend would have been distributed to them
- (3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct
- (4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct
- (5) Subject to the articles, the directors may
  - (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another,
  - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
  - (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article

## **PART 4: DECISION-MAKING BY SHAREHOLDERS**

### ORGANISATION OF GENERAL MEETINGS

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

- (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting,

during the meeting, any information or opinions which that person has on the business of the meeting

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

#### **51. Quorum for general meetings**

- (1) No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum
- (2) Save in the case of a company with a single member, two persons entitled to vote on the business being transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum

#### **52. Chairing general meetings**

- (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so
- (2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start
  - (a) the directors present, or
  - (b) (if no directors are present), the meeting,

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

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

**53. Attendance and speaking by directors and non-shareholders**

- (1) Directors may attend and speak at general meetings, whether or not they are shareholders.
- (2) The chairman of the meeting may permit other persons who are not
  - (a) shareholders of the company, or
  - (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,to attend and speak at a general meeting

**54. Adjournment**

- (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it
- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if
  - (a) the meeting consents to an adjournment, or
  - (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting
- (4) When adjourning a general meeting, the chairman of the meeting must
  - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
  - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)
  - (a) to the same persons to whom notice of the company's general meetings is required to be given, and
  - (b) containing the same information which such notice is required to contain
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place

## VOTING AT GENERAL MEETINGS

### **55. Voting: general**

A resolution put to the vote of a general meeting shall be decided on a show of hands

### **56. Errors and disputes**

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

### **57. Content of proxy notices**

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

### **58. Delivery of proxy notices**

- (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person



- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf

**59. Resolutions requiring special notice**

Notwithstanding section 312 of the Companies Act 2006, any resolution requiring special notice shall not be effective unless notice of the intention to move it has been given to the company at least 14 days before the meeting at which it is moved

**60. Amendments to resolutions**

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

**PART 5 ADMINISTRATIVE ARRANGEMENTS**

**61. Means of communication to be used**

- (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be

sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being

- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours

**62. When notice or other communication deemed to have been received**

Any notice, document or information sent or supplied by the company to the shareholders or any of them

- (a) by post, shall be deemed to have been received 24 hours after the time at which the envelope containing the notice, document or information was posted unless it was sent by second class post, or there is only one class of post, or it was sent by air mail to an address outside the United Kingdom, in which case it shall be deemed to have been received 48 hours after it was posted. Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that the notice, document or information was sent;
- (b) by being left at a shareholder's registered address, or such other postal address as notified by the shareholder to the company for the purpose of receiving company communications, shall be deemed to have been received on the day it was left, and
- (c) by electronic means, shall be deemed to have been received 24 hours after it was sent. Proof that a notice, document or information in electronic form was addressed to the electronic address provided by the shareholder for the purpose of receiving communications from the company shall be conclusive evidence that the notice, document or information was sent

**63. Company seals**

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

**64. Overseas and local registers**

Subject to the provisions of the Companies Acts including any modification or re-enactment of them for the time being in force, the company may keep an overseas or local or other register in any place, and the directors may make, amend and revoke any regulations it thinks fit about the keeping of that register

**65. 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.

**66. 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

**67. Certification of documents**

(1) Any director or the secretary or any person appointed by the directors for the purpose shall have power to authenticate and certify as true copies of and extracts from

- (a) any document comprising or affecting the constitution of the company, whether in hard copy form or in electronic form,
- (b) any resolution passed by the company, the holders of any class of shares in the capital of the company, the directors or any committee of the directors whether in hard copy form or in electronic form, and
- (c) any book, record and document relating to the business of the company whether in hard copy form or in electronic form (including without limitation the accounts)

(2) If certified in this way, a document purporting to be a copy of a resolution, or the minutes of or an extract from the minutes of a meeting of the company, the holders of any class of shares in the capital of the company, the directors or a committee of the directors, whether in hard copy form or in electronic form, shall be conclusive evidence in favour of all persons dealing with the company in reliance on it or them that the resolution was duly passed or that the minutes are, or the extract from the minutes is, a true and accurate record of proceedings at a duly constituted meeting

**68. Power of company to destroy documents**

The company shall be entitled to destroy

- (a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entry is made in the

register, at any time after the expiration of six years from the date of registration,

- (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address at any time after the expiration of two years from the date of recording;
- (c) all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation,
- (d) all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment,
- (e) all proxy appointments which have been used for the purpose of a poll at any time after the expiration of one year from the date of use, and
- (f) all proxy appointments which have not been used for the purpose of a poll at any time after one month from the end of the meeting to which the proxy appointment relates and at which no poll was demanded .

**69. Presumption in relation to destroyed documents**

It shall conclusively be presumed in favour of the company that

- (a) every entry in the register purporting to have been made on the basis of an instrument of transfer or other document destroyed in accordance with article 66 was duly and properly made,
- (b) every instrument of transfer destroyed in accordance with article 68 was a valid and effective instrument duly and properly registered,
- (c) every share certificate destroyed in accordance with article 68 was a valid and effective certificate duly and properly cancelled, and
- (d) every other document destroyed in accordance with article 68 was a valid and effective document in accordance with its recorded particulars in the books or records of the company,

but

- (e) the provisions of this article and article 66 apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties) to which the document might be relevant,
- (f) nothing in this article or article 68 shall be construed as imposing on the company any liability in respect of the destruction of any document earlier than the time specified in article 66 or in any other circumstances which would not attach to the company in the absence of this article or article 68; and
- (g) any reference in this article or article 68 to the destruction of any document includes a reference to its disposal in any manner

## DIRECTORS' INDEMNITY AND INSURANCE

### 70. Indemnity

- (1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against
  - (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
  - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
  - (c) any other liability incurred by that director as an officer of the company or an associated company
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law
- (3) In this article
  - (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
  - (b) a "relevant director" means any director or former director of the company or an associated company

### 71. Insurance

- (1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss
- (2) In this article
  - (a) a "relevant director" means any director or former director of the company or an associated company,
  - (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
  - (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate