

No. 02342138

**THE COMPANIES ACT 2006**

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**PUBLIC COMPANY LIMITED BY SHARES**

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**Articles of Association  
of  
Babcock International Group PLC**

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Articles adopted on 22 September 2021



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# ARTICLES OF ASSOCIATION

of

BABCOCK INTERNATIONAL GROUP  
public limited company  
(the "**company**")

Articles adopted on 22 September 2021

## 1. Exclusion of Model Articles

The articles prescribed in any legislation relating to companies do not apply as the articles of the company.

## 2. Definitions

A The following table gives the meaning of certain words and expressions as they are used in these articles. The words and expressions are defined in the following table.

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"certificated share"	means a share which is not a CREST share and is normally held in certificated form;
"chair"	means the chair of the board of directors;
"clear days"	in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
"CREST"	means the electronic settlement system for securities traded on a recognised investment exchange and owned by Euroclear UK & Ireland Limited, or any similar system;
"CREST share"	means a share which is noted on the shareholders' register as being held through CREST in uncertificated form;
"directors"	means the executive and non-executive directors of the company who make up its board of directors (and "director" means any one of them) or, where applicable, the directors present at a meeting of the directors at which a quorum is present;
"electronic facility"	includes (without limitation) website addresses and conference call systems and any device, system, procedure, method or other facility providing an electronic means of attendance at and/or participation in a general meeting decided by the directors under these articles and available in respect of that meeting;
"holder"	in relation to any shares means the person whose name is entered in the register as the holder of those shares;
"legislation"	means every statute (and any orders, regulations or other subordinate legislation made under it) applying to the company;
"the office"	means the company's registered office;
"Operator"	means a person approved by the Treasury under the Uncertificated Securities Regulations 2001 as operator of a relevant system;
"ordinary shareholder"	means a holder of ordinary shares;

"ordinary shares"	means the company's ordinary shares;
"paid up"	means paid up or treated (credited) as paid up;
"pay"	includes any kind of reward or payment for services;
"register"	means the company's register of shareholders and, at any time when the company has shares in issue which are CREST shares, means the

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redeemable share. These terms and conditions will apply to the relevant shares as if they were set out in these articles.

## **7. Variation of Rights**

If the legislation allows this, the rights attached to any class of shares can be changed in a way provided by those rights or if no such provision is made, if the change is approved either in writing by shareholders holding at least three quarters of the issued shares of that class by amount (excluding any shares of that class held as treasury shares) or by a special resolution passed at a separate meeting of the holders of the relevant class of shares. This is called a "class meeting".

All the articles relating to general meetings will apply to any such class meeting, with any necessary changes. The following changes will also apply:

a quorum will be present if at least two shareholders who are entitled to vote are present in person or by proxy who own at least one third in amount of the issued shares of the class (excluding any shares of that class held as treasury shares);

any shareholder who is present in person or by proxy and entitled to vote can demand a poll; and

at an adjourned meeting, one person entitled to vote and who holds shares of the class, or a proxy for such person, will be a quorum.

(iv) any rights attached to existing shares.

#### **10. Payment of Commission**

In connection with any share issue or any sale of treasury shares for cash, the company can use all the powers given by the legislation to pay commission or brokerage. The company can pay commission in cash or by allotting fully or partly-paid shares or other securities or by a combination of both.

#### **11. Trusts Not Recognised**

The company will only be affected by, or recognise, a current and absolute right to whole shares. The fact that any share, or any part of a share, may not be owned outright by the registered owner (for example, where a share is held by one person as a nominee or otherwise as a trustee for another person) is not of any concern to the company. This applies even if the company knows about the ownership of the share. The only exceptions to this are where the rights of the kind described are expressly given by these articles or are of a kind which the company has a legal duty to recognise.

#### **12. Suspension of Rights Where Non-Disclosure of Interest**

- A The company can under the legislation send out notices to those it knows or has reasonable cause to believe have an interest in its shares. In the notice, the company will ask for details of those who have an interest and the extent of their interest in a particular holding of shares. In these articles this notice is referred to as a "statutory notice" and the holding of shares is referred to as the "identified shares".
- B When a person receives a statutory notice, that person has 14 days to comply with it. If the person does not do so or if the person makes a statement in response to the notice which is false or inadequate in some important way, the company can decide to restrict the rights relating to the identified shares and send out a further notice to the holder, known as a restriction notice. The restriction notice will take effect when it is delivered. The restriction notice will state that the identified shares no longer give the shareholder any right to attend or vote either personally or by proxy at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings.
- C Where the identified shares make up 0.25 per cent. or more (in amount or in number) of the existing shares of a class (calculated exclusive of any shares of that class held as treasury shares) at the date of delivery of the restriction notice, the restriction notice can also contain the following further restrictions:

the directors can withhold any dividend or part of a dividend (including scrip dividend) or other money which would otherwise be payable in respect of the identified shares without any liability to pay interest when such money is finally paid to the shareholder; and

the directors can refuse to register a transfer of any of the identified shares which are certificated shares unless the directors are satisfied that they have been sold outright to an independent third party. The independent third party must not be

connected with the shareholder or with any person appearing to be interested in the shares. Any sale through a recognised investment exchange or any other stock exchange outside the United Kingdom or by way of acceptance of a takeover offer will be treated as an outright sale to an independent third party. For this purpose, any associate (as that term is defined in section 435 of the Insolvency Act 1986) is included in the class of persons who are connected with the shareholder or any person appearing to be interested in the shares. In order to enforce the restriction in this sub-paragraph, the directors can give notice to the relevant shareholder requiring the shareholder to change identified shares which are CREST shares to certificated shares by the time given in the notice and to keep them in certificated form for as long as the directors require. The notice can also say that the relevant shareholder may not change any identified shares which are certificated shares to CREST shares. If the shareholder does not comply with the notice, the directors can authorise any person to instruct the Operator to change any identified shares which are CREST shares to certificated shares in the name and on behalf of the relevant shareholder.

- D Once a restriction notice has been given, the directors are free to cancel it or exclude any shares from it at any time they think fit. In addition, they must cancel the restriction notice within seven days of being satisfied that all information requested in the statutory notice has been given. Also, where any of the identified shares are sold and the directors are satisfied that they were sold outright to an independent third party, they must cancel the restriction notice within seven days of receipt of notification of the sale. If a restriction notice is cancelled or ceases to have effect in relation to any shares, any moneys relating to those shares which were withheld will be paid to the person who would have been entitled to them or as that person directs.
- E The restriction notice will apply to any further shares issued in right of the identified

As long as the directors comply with the uncertificated securities rules, they can also withdraw a class of shares from being transferred through CREST and from allowing ownership of them to be evidenced without share certificates.

CREST shares do not form a class of shares separate from certificated shares with the same rights.

B If the company has any shares in issue which are CREST shares, these articles apply







the notice must have been served on the shareholder or on any person who is entitled to the shares by law and can be served in any way that the directors decide; and

- v the money has not been paid by at least 14 days after the notice has been served.

The directors can authorise any person to sign a document transferring the shares. Any such transferee will not be bound to ensure that the purchase moneys for such shares are transferred to the person whose shares have been sold, nor will any such transferee's ownership of the shares be affected by any irregularity or invalidity in relation to the sale to them.

## **20. Application of Proceeds of Sale**

If the directors sell any shares on which the company has a lien, the proceeds will first be used to pay the company's expenses associated with the sale. The remaining money will be used to pay off the amount which is then payable on the shares and any balance will be passed to the former shareholder or to any person who would otherwise be entitled to the shares by law. But the company's lien will also apply to any such balance to cover any money still due to the company in respect of the shares which is not immediately payable. The company has the same rights over the money as it had over the shares immediately before they were sold. The company need not pay over anything until the certificate representing the shares sold has been delivered to the company for cancellation.

## **21. Calls**

The directors can call on shareholders to pay any money which has not yet been paid to the company for their shares. This includes the nominal value of the shares and any premium which may be payable on those shares. The directors can also make calls on people who are entitled to shares by law. If the terms of issue of the shares allow this, the directors can do any one or more of the following:

make calls at any time and as often as they think fit;

decide when and where the money is to be paid;

decide that the money may be paid by instalments; and

- v revoke or postpone any call.

A shareholder who has received at least 14 days' notice giving details of the amount called and of the time and place for payment, must pay the call as required by the notice. A person remains liable jointly and severally with the successors in title to the shares held by that person to pay calls even after that person has transferred the shares to which they relate.

**22. Timing of Calls**

A call is treated as having been made as soon as the directors have passed a resolution authorising it.

**23. Liability of Joint Holders**

Joint shareholders are jointly and severally liable to pay any calls in respect of their shares. This means that any of them can be sued for all the money due on the shares or they can be sued together.

**24. Interest Due on Non-Payment**

Where a call is made and the money due remains unpaid, the shareholder will be liable to pay interest on the amount unpaid from the day it is due until it has actually been paid. The directors will decide on the annual rate of interest, which must not exceed the Bank of England base rate by more than five per cent. The shareholder will also be liable to pay all expenses incurred by the company as a result of the non-payment of the call. The directors can decide to forego payment of any or all of such interest or expenses.

**25. Sums Due on Allotment Treated as Calls**

**29. Form of Notice**

This notice must:

demand payment of the amount immediately payable, plus any interest and expenses;

give the date by when the total amount due must be paid. This must be at least 14 days after the date of the notice;

say where the payment must be made; and

- v say that if the full amount demanded is not paid by the time and at the place stated, the company can forfeit the shares on which the call or instalment is outstanding.

**30. Forfeiture for Non-Compliance with Notice**

If the notice is not complied with, the shares it relates to can be forfeited at any time while any amount is still outstanding. This is done by the directors passing a resolution stating that the shares have been forfeited. The forfeiture will extend to all dividends and other sums payable in respect of the forfeited shares which have not been paid before the forfeiture. The directors can accept the surrender of any share which would otherwise be forfeited. Where they do so, references in these articles to forfeiture include surrender.

**31. Notice after Forfeiture**

After a share has been forfeited, the company will notify the person whose share has been forfeited. However, the share will still be forfeited even if such notice is not given.

**32. Sale of Forfeited Shares**

A A forfeited share becomes the property of the company and the directors can sell or dispose of it on any terms and in any way that they decide. This can be with, or without, a credit for any amount previously paid up for the share. It can be sold or disposed of to any person, including the previous shareholder or the person who was previously entitled to the share by law. The directors can, if necessary, authorise any person to transfer a forfeited share.

B After a share has been forfeited, the directors can cancel the forfeiture, but only before the share has been sold or disposed of. This cancellation of forfeiture can be on any terms the directors decide.

**33. Arrears to be Paid Notwithstanding** **a** **c** **e**

the shares were forfeited. The shareholder also continues to be liable for all claims and demands which the company could have made relating to the forfeited share. The shareholder must pay interest on any unpaid amount until it is paid. The directors can fix the rate of interest, but it must not exceed the Bank of England base rate by more than five per cent. The shareholder is not entitled to any credit for the value of the share when it was forfeited or for any consideration received on its disposal unless the directors decide to allow credit for all or any of that value.

**34.**

**36. Signing of Transfer**

- A A share transfer form for certificated shares must be signed or made effective in some other way by, or on behalf of, the person making the transfer.
- B In the case of a transfer of a certificated share, where the share is not fully paid, the share transfer form must also be signed or made effective in some other way by, or on behalf of, the person to whom the share is being transferred.
- C If the company registers a transfer of a certificated share, it can keep the transfer form.

**37. Rights to Decline Registration of Partly Paid Shares**

The directors can refuse to register the transfer of any shares which are not fully paid, provided that dealings in such shares are not prevented from taking place on an open and proper basis.

**38. Other Rights to Decline Registration**

- A Certificated shares

Without prejudice to article 38(B), in relation to a certificated share, the directors may decline to recognise any instrument of transfer unless:

the instrument of transfer is left at the company's registered office, or at such other place as the directors may from time to time determine, accompanied by the certificate(s) of the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his or her behalf, the authority of that person so to do); and

the instrument of transfer is in respect of only one class of share.

- B Declarations

The directors shall not register any person as a holder of any share in the company (other than an allottee under an issue of shares by way of capitalisation of profits or reserves made pursuant to these articles or any person entitled to be registered as a holder of any share by reason of sub-division, consolidation or reclassification of any shares in the company) unless:

in the case of shares held in certificated form, such person has furnished to the directors a declaration (in such form as the directors may from time to time prescribe) signed by him or on his behalf (or, in the case of a corporation, sealed by the corporation or signed on its behalf by an attorney or duly authorised officer of the corporation), together with such evidence as the directors may require of the authority of any signatory on behalf of such person, stating:

- a the name and nationality of any person who has an interest in any such share and (if such declaration or the directors so

require) the nature and extent of the Interest of each such person; and

- b such other information as the directors may from time to time determine; and

in the case of shares held in uncertificated form, the directors receive information relating to nationality through a relevant system (as defined in the uncertificated securities rules).

The directors shall in any case where they may consider it appropriate require such person or the Operator to provide such evidence or give such information as to the matters referred to in the declaration as they think fit (acting reasonably). The directors shall decline to register any person as a holder of a share held in certificated form if







- E If a person who is entitled to a CREST share by law wants the share to be transferred to another person, that person must do this using CREST. The same power to refuse to register the person selected will apply as would have applied to refuse to register a transfer by the person who was previously entitled to the shares.

**44. Rights of Person Entitled by Transmission**

- A Where a person becomes entitled to a share by law, the rights of the registered shareholder in relation to that share will cease to have effect.
- B A person who is entitled to a share by law is entitled to any dividends or other money relating to the share, even though the person is not registered as the holder of the share, on supplying evidence reasonably required to show the person's title to the share. However, the directors can send written notice to the person saying the person must either be registered as the holder of the share or transfer the share to some other person. If the person entitled to a share by law does not do this within 60 days of the notice, the directors can withhold all dividends or other money relating to the share until the person does.
- C Unless such person is registered as the holder of the share, the person entitled to a share by law is not entitled to:

receive notices of shareholders' meetings or attend or vote at these meetings; or

exercise any of the other rights of a shareholder in relation to these meetings,

unless the directors decide to allow this.

**45. Sub-division**

Any resolution authorising the company to sub-divide any of its shares can provide that, as between the holders of the divided shares, different rights (including deferred rights) and restrictions of a kind which the company can apply to new shares can apply to different divided shares.

**46. Fractions**

If any shares are consolidated, consolidated and then divided or divided, the directors have power to deal with any fractions of shares which result. For example, they can

**47. Participation in General Meetings**

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**52. Procedure if Quorum Not Present**

- A This article applies if a quorum is not present within five minutes of the time fixed for a general meeting to start or within any longer period not exceeding one hour which the chair of the meeting can decide or if a quorum ceases to be present during a general meeting.
- B If the meeting was called by shareholders it will be cancelled. Any other meeting will be adjourned to a day (being not less than ten days later, excluding the day on which the meeting is adjourned and the day for which it is reconvened), time and place or places and with such means of attendance and participation decided on by the chair of the meeting.
- C One shareholder present in person or by proxy and entitled to vote will constitute a quorum at any adjourned meeting and any notice of an adjourned meeting will say this.

**53. Security, Health and Safety and Access Arrangements**

- A The directors or the secretary can put in place arrangements, both before and during any general meeting, which they consider to be appropriate for the proper and orderly conduct of the general meeting and/or the health and safety of people attending it. This authority includes power to refuse physical or electronic entry to, or remove (physically or electronically) from meetings, people who fail to comply with the arrangements.
- B Where a general meeting is held partly by means of an electronic facility, the directors or the secretary may make any arrangement and impose any requirement or restriction that is necessary to ensure the identification of those taking part by this means and the security of the electronic facility.

**54. Chair of General Meeting**

- A The chair will be the chair of the meeting at every general meeting, if he or she is willing and able to take the chair.
- B If the company does not have a chair, or if he or she is not willing and able to take the chair, a deputy chair will chair the meeting if any such deputy is willing and able to take

- E Nothing in these articles is intended to restrict or exclude any of the powers or rights of a chair of a meeting which are given by law.

**55. Orderly Conduct**

The chair of a meeting can take any action the chair considers appropriate for proper and orderly conduct at a general meeting. The chair's decision on points of order, matters of procedure or on matters that arise incidentally from the business of a meeting is final, as is the chair's decision on whether a point or matter is of this nature.

**56. Entitlement to Attend and Speak**

in the case of a satellite meeting) of, and the means of attendance and participation at, the adjourned meeting.

- C A reconvened meeting can only deal with business that could have been dealt with at the meeting which was adjourned.
- D Meetings can be adjourned more than once.

#### **58. Notice of Adjournment**

If the continuation of an adjourned meeting is to take place three months or more after it was adjourned or if business is to be considered at an adjourned meeting the general nature of which was not stated in the notice of the original meeting, notice of the adjourned meeting must be given in the same way as was required for the original meeting. Except as provided in this article, there is no need to give notice of the adjourned meeting or of the business to be considered there.

#### **59. Amendments to Resolutions**

- A Amendments can be proposed to any resolution if they are clerical amendments or amendments to correct some other obvious error in the resolution. No other amendments can be proposed to any special resolution.
- B Amendments to an ordinary resolution which are within the scope of the resolution can be proposed if:

notice of the proposed amendment has been received by the company at the office at least two working days before the date of the meeting, or adjourned meeting; or

the chair of the meeting decides that the amendment is appropriate for consideration by the meeting.

No other amendment can be proposed to an ordinary resolution. The chair of the meeting can agree to the withdrawal of any proposed amendment before it is put to the vote.

#### **60. Amendments Ruled Out of Order**

If the chair of a meeting rules that a proposed amendment to any resolution under consideration is out of order, any error in that ruling will not affect the validity of a vote on the original resolution.

#### **61. Votes of Members**

Shareholders will be entitled to vote at a general meeting, whether on a show of hands or a poll, as provided in the legislation. Where a proxy is given discretion as to how to vote on a show of hands this will be treated as an instruction by the relevant shareholder to vote in the way in which the proxy decides to exercise that discretion.



This is subject to any special rights or restrictions as to voting which are given to any shares or upon which any shares may be held at the relevant time and to these articles.

**62. Method of Voting**

A resolution put to the vote at a general meeting held partly by means of an electronic facility will be decided on a poll, which poll votes may be cast by such electronic or other means as the directors decide are appropriate. Any such poll will be treated as having been validly demanded at the time fixed for the holding of the meeting. Subject to this, a resolution put to the vote at any general meeting will be decided on a show of hands unless a poll is demanded when, or before, the chair of the meeting declares the result of the show of hands. Subject to the legislation, a poll can be demanded by:

the chair of the meeting;

at least five persons at the meeting who are entitled to vote;

one or more shareholders at the meeting who are entitled to vote (or their proxies) and who have between them at least ten per cent. of the total votes of all shareholders who have the right to vote at the meeting; or

v one or more shareholders at the meeting who have shares which allow them to vote at the meeting (or theM or bU he s otingU l ot it el

decided on by the chair of the meeting. It is not necessary to give notice for a poll which is not taken immediately.

**65. Continuance of Other Business after Poll Demand**

A demand for a poll on a particular matter (other than on the election of the chair of the meeting or on the adjournment of the meeting) will not stop a meeting from continuing to deal with other matters.

**66. Votes of Joint Holders**

valid for all purposes and if a vote is not counted at a meeting or poll, this will not affect the decision of the meeting or poll.

- (B) The company will not be obliged to check whether a proxy or company representative

48 hours (or such shorter time as the directors decide) before a meeting or an adjourned meeting;

24 hours (or such shorter time as the directors decide) before a poll is taken, if the poll is taken more than 48 hours after it was demanded; or

before the end of the meeting at which the poll was demanded (or at such later time as the directors decide), if the poll is taken after the end of the meeting or adjourned meeting but not more than 48 hours after it was demanded.

If such a proxy form is signed by an attorney and the directors require this, the power of attorney or other authority relied on to sign it (or a copy which has been certified by a notary or in some other way approved by the directors, or an office copy) must be received at such address, at the office or at any other place specified by the company for the receipt of such documents by the time set out in paragraph (i) or (ii) or (iii) above, as applicable.

- D If the above requirements are not complied with, the proxy will not be able to act for the appointor.
- E If more than one valid proxy form is received in respect of the same share for use at the same meeting or poll, the one which is received last (regardless of its date or the date on which it is signed) will be treated as the valid form. If it is not possible to determine the order of receipt, none of the forms will be treated as valid.
- F A shareholder can attend and vote at a general meeting or on a poll even if the shareholder has appointed a proxy to attend and vote on their behalf at that meeting or on that poll.
- G The proceedings at a general meeting will not be invalidated where an appointment of a proxy in respect of that meeting is sent in electronic form as provided in these articles, but because of a technical problem it caM al t

**74. Cancellation of Proxy's Authority**

Any vote cast in the way a proxy form authorises or any demand for a poll made by a proxy will be valid even though:

the person who appointed the proxy has died or is of unsound mind;

the proxy form has been revoked; or

the authority of the person who signed the proxy form for the shareholder has been revoked.

Any vote cast or poll demanded by a company representative will also be valid even though the company representative's authority has been revoked.

However, this does not apply if written notice of the relevant fact has been received at the office (or at any other place specified by the company for the receipt of proxy forms) not later than the last time at which a proxy form should have been received to be valid for use at the meeting or on the holding of the poll at which the vote was given or the poll taken.

**75. Separate General Meetings**

If a separate general meeting of holders of shares of a class is called otherwise than for changing or abrogating the rights of the shares of that class, the provisions of these articles relating to general meetings will apply to such a meeting with any necessary changes. A general meeting where ordinary shareholders are the only shareholders who can attend and vote in their capacity as shareholders will also constitute a separate general meeting of the holders of the ordinary shares.

**76. Number of Directors**

The company must have a minimum of two directors and a maximum of fifteen directors (disregarding alternate directors). The shareholders can change this restriction by passing an ordinary resolution.

**77. Directors' Shareholding Qualification**

The directors are not required to hold any shares in the company.

**78. Power of Company to Appoint Directors**

Subject to these articles, the company can, by passing an ordinary resolution, appoint any willing person to be a director, either as an extra director or to fill a vacancy where a director has stopped being a director for some reason.

**79. Power of Directors to Appoint Directors**

Subject to these articles, the directors can appoint any willing person to be a director,

**80. Annual Retirement of Directors**

the director gives the company a written notice of resignation and the resignation becomes effective;

the director gives the company a written notice in which the director offers to resign, the directors decide to accept this offer and the resignation becomes effective;

regulating the meeting apply as if the alternate director (instead of the relevant appointor) were a director. If the alternate director is also a director, or the alternate director attends any meeting as an alternate director for more than one director, that person can vote cumulatively for themselves and for each other director they represent but they cannot be counted more than once for K t J er nueo as ao oth





## 92. Directors' Interests

### *Conflicts of interest requiring authorisation by directors*

A The directors may, subject to the quorum and voting requirements set out in this article, authorise any matter which would otherwise involve a breach of that director's duty under the legislation to avoid conflicts of interest ("Conflict").

B A director seeking authorisation in respect of a Conflict must tell the directors of the nature and extent of the relevant interest in a Conflict as soon as possible. The director must give the directors sufficient details of the relevant matter to enable them to decide how to address the Conflict together with any additional information which they may request.

C Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and resolved upon by the directors under the provisions of these articles except that:

the relevant director and any other director with a similar interest will not count in the quorum and will not vote on a resolution giving such authority; and

the relevant director and any other director with a similar interest may, if the other directors so decide, be excluded from any meeting of the directors while the Conflict is under consideration.

D Where the directors give authority in relation to a Conflict or where any of the situations described in paragraph (F) applies in relation to a director ("Relevant Situation"):

the directors may (whether at the relevant time or subsequently) (a) require that the relevant director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at directors' meetings or otherwise) related to the Conflict or Relevant Situation; and (b) impose upon the relevant director such other terms for the purpose of dealing with the Conflict or Relevant Situation as they think fit;

the relevant director will be obliged to conduct themselves in accordance with any terms imposed by the directors in relation to the Conflict or Relevant Situation;

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

v the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and

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

*Other conflicts of interest*

- E If a director knows that they are in any way directly or indirectly interested in a proposed contract with the company or a contract that has been entered into by the company, they must tell the other directors of the nature and extent of that interest in accordance with the legislation.
- F If a director has disclosed the nature and extent of the relevant interest in accordance with paragraph (E), such director can do any one or more of the following:
  - have any kind of interest in a contract with or involving the company or another company in which the company has an interest;

has an interest. It also applies if the directors are considering setting or changing the terms of their appointment. These proposals can be split up to deal with each director separately. If this is done, each director can vote and be included in the quorum for each resolution, except any resolution concerning themselves or concerning the appointment of another director to a position with a company in which the company is interested where the director has a Relevant Interest in it.

- J A director cannot vote or be counted in the quorum on a resolution of the directors about a contract in which that director has an interest and, if that director does vote, such vote will not be counted, but this prohibition will not apply to any resolution where that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or where that interest is included in the following list:

share scheme which gives the director benefits which are also generally given to the employees to whom the fund or scheme relates;

- x a resolution about a contract relating to an arrangement for the benefit of employees of the company or of any of its subsidiary undertakings which only gives the director benefits which are also generally given to the employees to whom the arrangement relates; and
- x a resolution about a contract relating to any insurance which the company can

a contract include references to an existing or proposed contract and to an existing or proposed transaction or arrangement whether or not it is a contract; and

a conflict of interest include a conflict of interest and duty and a conflict of duties.

- P The company can by ordinary resolution suspend or relax the provisions of this article to any extent or ratify any contract which has not been properly authorised in accordance with this article.

**93.**







subsidiary undertaking, to the exclusion of a proportion thereof equal to the proportion of the issued equity share capital of the partly-owned subsidiary undertaking which is not directly or indirectly attributable to the company) against the gross amount of money borrowed the aggregate of:

- A cash in hand of the group;
- B the realisable value of certificates of deposit and securities of governments and companies owned by a member of the group; and
- C cash deposits and the credit balance on each current account of the group with banks in the United Kingdom or elsewhere.

No person dealing with the company or any subsidiary undertakings shall by reason of the foregoing provisions be concerned to see or enquire whether this limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual.

- 5 When moneys denominated or repayable in a currency other than sterling fall to be taken into account on any day for the purposes of this article, such moneys shall be converted for the purpose of calculating the sterling equivalent either:
  - A at the rate of exchange prevailing on that day in London provided that all but not some only of such moneys shall be converted at the rate of exchange prevailing in London six months before such day if thereby such aggregate amount would be less (and so that for this purpose the rate of exchange shall be taken as the spot rate in London quoted at or about 11.00 am on the day in question by a London clearing bank, approved by the directors, as being the rate for the purchase by the company of the currency and amount); or
  - B where the repayment of such moneys is expressly covered by a forward purchase contract at the rate of exchange specified therein.

B



**103. Appointment of Chair**

A

- D The ability of the directors to delegate under this article applies to all their powers and discretions and is not limited because certain articles refer to powers and discretions being exercised by committees authorised by directors while other articles do not.
- E The directors may also 'establish any local boards or agencies for managing any of the affairs of the company in any specified locality, and may appoint any persons to be members of such local board, or any managers or agents, and may fix their remuneration. The directors may authorise the members for the time being of any such local board, or any of them, to fill up any vacancies therein, and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms and subject to such conditions as the directors may think fit, and the directors may at any time remove any person so appointed, and may annul or vary any such delegation.

#### **107. Participation in Meetings**

All or any of the directors can take part in a meeting of the directors by way of a conference telephone or any communication equipment which allows everybody to take part in the meeting by being able to hear each of the other people at the meeting and by being able to speak to all of them at the same time. A person taking part in this way will be treated as being present at the meeting and will be entitled to vote and be counted in the quorum.

#### **108. Resolution in Writing**

A resolution in writing must be signed by all of the directors who at the time are entitled to receive notice of a directors' meeting and who would be entitled to vote on the resolution at a directors' meeting, and who together meet the quorum requirement for directors' meetings. This kind of resolution is just as valid and effective as a resolution passed by those directors at a meeting which is properly called and held. The resolution can be passed using several copies of the resolution if each copy is signed by one or more directors.

#### **109. Validity of Acts of Directors or Committee**

Everything which is done by any directors' meeting, or by a committee of the directors, or by a person acting as a director, or as a member of a committee, will be valid even if it is discovered later that any director, or person acting as a director, was not properly appointed. This also applies if it is discovered later that anyone was disqualified from being a director, or had ceased to be a director or was not entitled to vote. In any of these cases, anything done will be as valid as if there was no defect or irregularity of the kind referred to in this article.

#### **110. Use of Seals**

- A The directors must arrange for every seal of the company to be kept safely.
- B A seal can only be used with the authority of the directors or a committee authorised by the directors.



**114. Amounts Due on Shares can be Deducted from Dividends**

If a shareholder owes the company any money for calls on shares or money in any

For these purposes the directors can decide that different means of payment will apply to different shareholders or groups of shareholders.

C If:



b the payment by any other method has failed,

and reasonable enquiries have failed to establish any new postal address or account of the registered shareholder.

B Subject to these articles, the company must recommence sending dividend payments if requested in writing by the shareholder, or the person entitled to a share by law.

#### **118. Forfeiture of Unclaimed Dividends**

Where any dividends or other amounts payable on a share have not been claimed, the directors can invest them or use them in any other way for the company's benefit until they are claimed. The company will not be a trustee of the money and will not be liable to pay interest on it. If a dividend or other money has not been claimed for six years after being declared or becoming due for payment, it will be forfeited and go back to the company unless the directors decide otherwise.

#### **119. Dividends Not in Cash**

If recommended by the directors, the company can pass an ordinary resolution that a dividend be paid, and the directors can decide that an interim dividend be paid, wholly or partly by distributing specific assets (and, in particular, paid up shares or debentures of any other company). Where any difficulty arises on such a distribution, the directors can resolve it as they decide. For example, they can:

authorise any person to sell and transfer any fractions;

ignore any fractions;

value assets for distribution purposes;

v pay cash of a similar value to adjust the rights of shareholders; and/or

v vest any assets in trustees for the benefit of more than one shareholder.

#### **120. Scrip Dividends**

A The directors can offer ordinary shareholders (excluding any shareholder holding shares as treasury shares) the right to choose to receive extra ordinary shares, which

- C The directors can also offer shareholders the right to request new shares instead of cash for all future dividends (if a share alternative is available), until they tell or are treated as telling the company that they no longer wish to receive new shares.
- D A shareholder will be entitled to ordinary shares whose total "relevant value" is as near as possible to the cash dividend the shareholder would have received (disregarding any tax credit), but not more than it. The relevant value of a share is the average value of the company's ordinary shares for five consecutive dealing days selected by the directors starting on or after the day when the shares are first quoted "ex dividend". This average value is worked out from the middle market quotations for the company's ordinary shares on the London Stock Exchange as derived from the Daily Official List (or any other publication of a recognised investment exchange showing quotations for the company's ordinary shares) for the relevant dealing days.
- E The ordinary resolution can require that the relevant value is worked out in some different way. A certificate or report by the auditors stating the relevant value of a share for any dividend will be conclusive evidence of that value.
- F After the directors have decided how many new shares ordinary shareholders will be entitled to, they can notify them in writing of their right to opt for new shares. This notice should also say how, where and when shareholders must notify the company if they wish to receive new shares. Where shareholders have opted to receive new shares in place of all future dividends, if new shares are available, the company will not need to notify them of a right to opt for new shares. No shareholders will receive a fraction of a share. The directors can decide how to deal with any fractions left over. For example, they can decide that the benefit of these fractions belongs to the company or that fractions are ignored or deal with fractions in some other way.
- G If a notice informing any shareholders of their right to opt for new shares is accidentally not sent or supplied or is not received (even if the company becomes aware of such failure to send or supply or non-receipt), the offer will not be invalid as a result nor give rise to any claim, suit or action.
- H The directors can exclude or restrict the right to opt for new shares or make any other arrangements where they decide that this is necessary or convenient to deal with o tl

will then be allotted and distributed to the holders of the elected shares on the basis set out above. The sum to be converted into capital can be taken from:

any amount which is then in any reserve or fund (including the share premium account, any capital redemption reserve and the profit and loss account or retained earnings); or

any other sum which is available to be distributed.

The directors can do anything they think necessary to give effect to any such conversion into capital.

J The new ordinary shares will rank equally in all respects with the existing fully paid up ordinary shares at the time when the new ordinary shares are allotted. But, they will not be entitled to share in the dividend from which they arose, or to have new shares instead of that dividend.

K

directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

- B If recommended by the directors, the company's shareholders can pass an ordinary resolution to capitalise any sum:

which is part of any of the company's reserves (including premiums received when any shares were issued, capital redemption reserves or other undistributable reserves); or

which the company is holding as net profits.

- C Unless the ordinary resolution states otherwise, the directors will use the sum which is capitalised by setting it aside for the ordinary shareholders on the register at the close of business on the day the resolution is passed (or another date stated in the resolution or fixed as stated in the resolution) and in the same proportions as the ordinary shareholders' entitlement to dividends (or in other proportions stated in the resolution or fixed as stated in the resolution). The sum set aside can be used:

to pay up some or all of any amount on any issued shares which has not already been called, or paid in advance; or

to pay up in full shares, debentures or other securities of the company which would then be allotted and distributed, credited as fully paid, to shareholders.

However, a share premium account, a capital redemption reserve, or any reserve or fund representing unrealised profits, can only be used to pay up in full the company's shares that are then to be allotted and distributed, credited as fully paid, to shareholders. Where the sum capitalised is used to pay up in full shares that are then to be allotted and distributed, credited as fully paid, to shareholders, the company is also entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of shareholders to the distribution will be calculated on this basis.

- D The directors can appoint any person to sign a contract with the company on behalf of those who are entitled to shares, debentures or other securities under the resolution. Such a contract is binding on all concerned.

## **122. Settlement of Difficulties in Distribution**

If any difficulty arises in connection with any distribution of any capitalised reserve or fund, the directors can resolve it in any way which they decide. For example, they can deal with entitlements to fractions by deciding that the benefit of fractions belong to the company or that fractions are ignored or deal with fractions in some other way.

## **123. Power to Choose Any Record Date**

This article applies to any dividend on any shares, or any distribution, allotment or issue to the holders of any shares. This can be paid or made to the registered holder or holders of the shares, or to anyone entitled in any other way, at a particular time on a

particular day selected by the directors. It will be based on the number of shares

specification of the senior will be accepted to the exclusion of the agreement or specification of the other joint shareholder(s). For this purpose, seniority will be



- E If any notice, document or other information is given, sent or supplied by the company by any other means authorised in writing by a shareholder, it is treated as being received when the company has done what it was authorised to do by that shareholder.

**131. Notice When Post Not Available**

If the postal service in the United Kingdom or some part of the United Kingdom is suspended or restricted, the directors only need to give notice of a meeting to



E This article does not make the company liable if:

it destroys or deletes a document earlier than the time limit referred to in paragraph (A);

it does not comply with the conditions in paragraph (C); or

the company would not be liable if this article did not exist.

F This article applies whether a document is destroyed or deleted or disposed of in some other way.

**133. Indemnity of Directors**

A As far as the legislation allows this, the company:

can indemnify any director or former director of the company or of any associated company against any liability; and

can purchase and maintain insurance against any liability for any director or former director of the company or of any associated company.

B A director or former director of the company or of any associated company will not be accountable to the company or the shareholders for any benefit provided pursuant to this article. Anyone receiving such a benefit will not be disqualified from being or becoming a director of the company.

**LIMITATIONS ON SHARE OWNERSHIP**

**134. Purpose of Articles 134 – 150**

The purpose of articles 134 to 150 is to ensure that so long as and to the extent that the holding or enjoyment by the company or any subsidiary undertaking of the company

**"Member State"** means any state that from time to time is a Member State for the purposes of the EC Regulation or to which the provisions of the EC Regulation apply by virtue of an agreement between the European Community and that state (being, at the date of adoption of these articles, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Republic of Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, The Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and Switzerland);

**"Operating Right"** means all or any part of any authority, permission, licence or privilege which enables an air service to be operated, howsoever granted;

**"Permitted Maximum"** means, if at any time the directors have specified a maximum under article 138.2, that aggregate number of shares which they have so specified as the maximum aggregate permitted number of Relevant Shares;

**"Relevant Person"** means:

(a) any individual who is not an Approved National;

**136. Disclosure Obligations on Share Ownership**

- 1 1 The company may by notice in writing (a "**Disclosure Notice**") require any shareholder or any other person with a confirmed or apparent Interest in the shares to disclose to the company in writing such information as the company shall require relating to the beneficial ownership of or any Interest in such shares as lies within the knowledge of such shareholder or other person (supported if the company so requires by independent evidence) including (without prejudice to the generality of the foregoing) any information which the company shall deem necessary or desirable in order to determine whether any shares are Relevant Shares or are capable of being Affected Shares or whether it is necessary to take steps in order to protect an Operating Right of the company or any of its subsidiary undertakings or otherwise in relation to the application or potential application of articles 137 to 150.
  
- 1 2 The company may give a Disclosure Notice pursuant to article 136.1 above at any time and the company may give one or more than one such notice to the same shareholder or other person in respect of the same shares or interest in shares.

made within a period of one week of the default being duly remedied with written notice thereof being given forthwith to the shareholder). Any Direction Notice shall cease to have effect in relation to any Default Shares which are transferred by such shareholder by means of transfer effected in accordance with the terms of these articles, provided that the transfer results from a sale made through a stock exchange on which the





as may in such Notice be prescribed by the directors), make an Affected Share Disposal so that no Relevant Person has an Interest in that share and, upon such Affected Share Disposal being made to the reasonable satisfaction of the directors, such Affected Share shall cease to be a Relevant Share. The provisions of article 140 shall apply to any transfer in connection with an Affected Share Disposal if as a consequence of the transfer such share would continue, or be capable of continuing, to be an Affected Share. 6 U(U)-2.99293(W8(O)5(F)-6)-2Y812(V)-4.9 W R 803(-9.98869(Q6.99331(U)-8812(V)-4.9



143.





**GLOSSARY**

**consolidate** When shares are consolidated, they are combined with other shares - for example, three £1 shares might be consolidated into one new £3 share.

**debenture** A typical debenture is a long-term borrowing by a company. The loan usually has to be repaid at a fixed date in the future and carries a fixed rate of interest.

**declare** Generally, when a dividend is declared, it becomes due to be paid.

**derivative claim** An action which may be brought by a member on behalf of the company to enforce liability for breach by a director of the director's duties to the company.

**electronic form** A document is in electronic form if it is either sent by **electronic means** or it is sent by other means while in an electronic form e.g. a CD ROM.

**electronic means** Communication or participation is by electronic means if it is by means of a telecommunications system. It includes telephone communications, electronic mail and other devices or systems allowing electronic communication.

**entitled to a share by law** In some situations, a person will be entitled to have shares which are registered in somebody else's name registered in their own name or to require the shares to be transferred to another person. When a shareholder dies, or the sole survivor of joint shareholders dies, the shareholder's **personal representatives** have this right. If a shareholder is made bankrupt, the shareholder's **trustee** in bankruptcy has the right.

**ex dividend** Once a share has gone ex-dividend, a person who buys the share in the market will not be entitled to the dividend which has been declared shortly before it was bought. The seller remains entitled to this dividend even though it will be paid after the seller has sold the relevant share.

**executed** A document is executed when it is signed or sealed or made valid in some other way.

**exercise** When a power is exercised, it is used.

**forfeit and forfeiture** When a share is forfeited it is taken away from the shareholder and goes back to the company. This process is called "forfeiture". This can happen if a **call** on a **partly paid share** is not paid on time.

**fully paid shares** When all of the money or other property which is due to the company for a share has been paid or received, a share is called a "fully paid share".

**hard copy form** A document is in hard copy form if it is in a paper copy or similar form.

**indemnity and indemnify** If a person gives another person an indemnity, the person giving the indemnity promises to make good any losses or damage which the other might suffer. The person who gives the indemnity is said to "indemnify" the other person.

**in issue** See **issue**.

**instruments** Formal legal documents.



**pre-emption rights** The right of some shareholders which is given by the legislation to be offered a proportion of certain classes of newly issued shares and other securities before they are offered to anyone else. This offer must be made on terms which are at least as favourable as the terms offered to anyone else.

**premium** If a company **issues** a new share for more than its **nominal value**, the amount above the **nominal value** is the premium.

**proxy** A proxy is a person who is appointed by a shareholder to attend a meeting and vote for that shareholder. A proxy is appointed by using a **proxy form**, which may be electronic. A proxy does not have to be a shareholder. A proxy can vote on a poll and on a show of hands under the company's articles.

**proxy form** A form (including an electronic form) which shareholders can use to appoint a **proxy** to attend a meeting and vote on their behalf. The proxy forms are made available by the company on line and must be completed before the meeting to which they relate.

**quorum** The minimum number of shareholders or directors who must be present before a shareholders' or, as appropriate, directors' meeting can start. When this number is reached, the meeting is said to be "quorate".

**rank** When either capital or income is distributed to shareholders, it is paid out according to the rank (or ranking) of the shares. For example, a share which ranks ahead of (or above) another share in sharing in a company's income is entitled to have its dividends paid first, before any dividends are paid on shares which rank below (or after) it. If there is not enough income to pay dividends on all shares, the available income must be used first to pay dividends on shares which rank first, and then to shares which rank next. The same applies for repayments of capital. Capital must be paid first to shares which rank first in sharing in the company's capital, and then to shares which rank next. A company's preference shares (if it has any) generally rank ahead of its ordinary shares.

**recognised investment exchange** An investment exchange which has been officially recognised by the UK authorities. An investment exchange is a place where investments, such as shares, are traded. The London Stock Exchange is a recognised investment exchange.

**redeem, redemption and redeemable** When a share is redeemed, it goes back to the company in return for a sum of money which was fixed (or calculated from a formula fixed) before the share was **issued**. This process is called "redemption". A share which can be redeemed is called a "redeemable" share.

**relevant system** This is a term used in the legislation for a computer system which allows shares without share certificates to be transferred without using transfer forms. The CREST system for paperless share dealing is a "relevant system".

**renounces and renunciation** Where a share has been **allotted**, but nobody has been entered on the share register for the share, it can be renounced to another person. This transfers the right to have the share registered to another person. This process is called "renunciation".

**reserves** A fund which has been set aside in the accounts of a company - profits which are not paid out to shareholders as dividends, or used up in some other way, are held in a reserve by the company.

**revoke** To withdraw or cancel.

**satellite meeting** Where a general meeting is held in more than one venue simultaneously, with those attending at different venues being able to communicate with each other by electronic means, the meeting at any venue where the chair is not physically present is known as a satellite meeting.

**shadow director** Where the directors of a company are accustomed to act in accordance with directions or instructions given by a person, that person is known as a shadow director. This does not include the company's professional advisers.

**share premium account** If a new share is **issued** by a company for more than its **nominal value**, the amount above the **nominal value** is the **premium** and the total of these **premiums** is held in a **reserve** (which cannot be used to pay dividends) called the share premium account.

**show of hands** A vote where each person who is entitled to vote has just one vote, however many shares they hold.

**special resolution** A decision reached by a majority of at least 75 per cent. of votes cast.

**special rights** These are the rights of a particular class of shares as distinct from rights which apply to all shares generally. Typical examples of special rights are: where the shares **rank**; their rights to sharing in income and **assets**; and voting rights.

**statutory declaration** A formal way of declaring something in writing. Particular words and



can **exercise** dominant influence over the company because of anything in the company's memorandum or articles or because of a certain kind of contract.

**treasury shares** Shares in the company which were bought by the company as provided by the legislation and which have been held by the company continuously since being bought are called treasury shares.

**trustees** People who hold property of any kind for the benefit of one or more other people under a kind of arrangement which the law treats as a "trust".

**uncertificated form** A share or other security is held in uncertificated form if no certificate has been issued for it. A share or other security held in uncertificated form is eligible for settlement in CREST or any other **relevant system**.

**underwriting** A person who agrees to buy new shares if they are not bought by other people underwrites the share offer.

**warrant or dividend warrant** Similar to a cheque for a dividend.