

**Public company limited by shares**

**NEW ARTICLES OF ASSOCIATION**

**of**

**SCOTTISH AND SOUTHERN ENERGY plc**  
(Company Number SC117119)

**Adopted by special resolution passed on 22 July 2010**

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**PART 1**  
**PRELIMINARY**

**1. EXCLUSION OF TABLE A**

The regulations in the Companies (Tables A to F) Regulations 1985, and in any other legislation relating to companies, do not apply as articles or regulations of the company.

**2. DEFINED TERMS**

In the articles, unless the context requires otherwise:

**alternate or alternate director** has the meaning given in article 28;

**appointor** has the meaning given in article 28;

**articles** means the company's articles of association;

**bankruptcy** means sequestration or bankruptcy in Scotland, England and Wales or Northern Ireland, and individual insolvency proceedings in any other jurisdiction which have an effect similar to that of sequestration;

**call** has the meaning given in article 61;

**call notice** has the meaning given in article 61;

**certificate** means a paper certificate (other than a share warrant) evidencing a person's title to specified shares or other securities;

**certificated** in relation to a share, means that it is not an uncertificated share or a share in respect of which a share warrant has been issued and is current;

**chairman** has the meaning given in article 13;

**chairman of the meeting** has the meaning given in article 35;

**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;

**the company** means Scottish and Southern Energy plc;

**company secretary** means the secretary, or (if there are joint secretaries) any one of the joint secretaries, of the company and includes an assistant or deputy secretary and any person appointed by the directors to perform any of the duties of the secretary;

**company's lien** has the meaning given in article 59;

**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 84;

**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;

**holder** in relation to shares means:

- (i) the person whose name is entered in the register of members as the holder of the shares; or
- (ii) unless the context requires otherwise, in the case of a share in respect of which a share warrant has been issued (and not cancelled), the person in possession of that warrant;

**instrument** means a document in hard copy form;

**lien enforcement notice** has the meaning given in article 60;

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

**paid** means paid or credited as paid;

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

**partly paid** in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the company;

**proxy notice** has the meaning given in article 44;

**qualifying person** has the meaning given in section 318 of the Companies Act 2006;

**securities seal** has the meaning given in article 54;

**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;

**subsidiary undertaking** has the meaning given in section 1162 of the Companies Act 2006;

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

**uncertificated** in relation to a share means that, by virtue of legislation (other than section 778 of the Companies Act 2006) permitting title to shares to be evidenced and transferred without a certificate, title to that share is evidenced and may be transferred without a certificate;

**working day** has the meaning given in section 1173 of the Companies Act 2006; 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.

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

### 3. INTERPRETATION AND CONSTRUCTION

In the articles:

words denoting persons include bodies corporate and unincorporated;

words denoting the masculine include the female and vice versa;

words denoting the singular include the plural and vice versa;

heading and sub-headings are for convenience only and do not affect the meaning of the articles;

unless the context otherwise requires, and subject to the last paragraph of article 2, references to any statute or statutory provision include any modification or re-enactment of it in force for the time being;

any powers of delegation shall not be restrictively construed, but the widest interpretation shall be given to them. Except where the terms of the delegation in question expressly provide otherwise, delegation of a power does not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under the articles or under another delegation of the power.

### **3A. LIMITED LIABILITY**

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

### **3B. CHANGE OF NAME**

The company may change its name by resolution of the directors.

## **PART 2**

### **DIRECTORS**

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

#### **4. DIRECTORS' GENERAL AUTHORITY**

4.1 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.

4.2 In exercising the powers of the company to borrow money, the directors must comply with the attached schedule (which forms part of the articles).

#### **5. SHAREHOLDERS' RESERVE POWER**

5.1 The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

5.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.



**6. DIRECTORS MAY DELEGATE**

6.1 Subject to the articles, the directors may delegate any of their powers:

6.1.1 to such person or committee;

6.1.2 by such means (including by power of attorney);

6.1.3 to such an extent;

6.1.4 in relation to such matters or territories; and

6.1.5 on such terms and conditions;

as they think fit.

6.2 Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to authorise further delegation of the directors' powers by any person or committee to whom they are delegated.

6.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

**7. COMMITTEES**

7.1 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.

7.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

**DECISION-MAKING BY DIRECTORS**

**8. DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

Subject to the articles, decisions of the directors must be taken:

8.1 at a directors' meeting; or

8.2 in the form of a directors' written resolution.

**9. CALLING A DIRECTORS' MEETING**

9.1 Any director may call a directors' meeting.

9.2 The company secretary must call a directors' meeting if a director so requests.

9.3 A directors' meeting is called by giving notice of the meeting to the directors.

9.4 Notice of any directors' meeting must indicate:

9.4.1 its proposed date, time and subject matter;

9.4.2 where it is to take place; and

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

9.5 Notice of a directors' meeting must be given to each director, but need not be in writing.

9.6 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 seven 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**

10.1 Subject to the articles, directors participate in a directors' meeting, or part of a director's meeting, when:

10.1.1 the meeting has been called and takes place in accordance with the articles; and

10.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

10.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

10.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## 11. QUORUM FOR DIRECTORS' MEETINGS

- 11.1 At a directors' meeting, unless a quorum is participating, no proposal shall be voted on, except a proposal to call another meeting.
- 11.2 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.

## 12. MEETINGS WHERE TOTAL NUMBER OF DIRECTORS LESS THAN QUORUM

- 12.1 This article applies where the total number of directors for the time being is less than the quorum for directors' meetings.
- 12.2 If there is only one director, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.
- 12.3 If there is more than one director:
- 12.3.1 a directors' meeting may take place, if it is called in accordance with the articles and at least two directors participate in it, with a view to appointing sufficient directors to make up a quorum or calling a general meeting to do so; and
- 12.3.2 if a director's meeting is called but only one director attends at the appointed date and time to participate in it, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.

## 13. CHAIRING OF DIRECTORS' MEETINGS

- 13.1 The directors may appoint a director to chair their meetings.
- 13.2 The person so appointed for the time being is known as the **chairman**.
- 13.3 The directors may appoint other directors as deputy or assistant chairmen to chair directors' meetings in the chairman's absence.
- 13.4 The directors may terminate the appointment of the chairman, deputy or assistant chairman at any time.

- 13.5 If neither the chairman nor any director appointed generally to chair directors' meetings in the chairman's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

**14. VOTING AT DIRECTORS' MEETINGS: GENERAL RULES**

- 14.1 Subject to the articles, a decision is taken at a directors' meeting when a majority of the participating directors vote in favour of a proposal.
- 14.2 Subject to the articles, each director participating in a directors' meeting has one vote.
- 14.3 Subject to the articles, if a director has an interest in an actual or proposed transaction or arrangement with the company, that director may not vote on any proposal relating to it.

**15. CHAIRMAN'S CASTING VOTE AT DIRECTORS' MEETINGS**

- 15.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting shall have a casting vote.
- 15.2 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 voting or quorum purposes.

**16. ALTERNATES VOTING AT DIRECTORS' MEETINGS**

A director who is also an alternate director has an additional vote on behalf of each appointor who is:

- 16.1 not participating in a directors' meeting; and
- 16.2 would have been entitled to vote if they were participating in it.

**17. DIRECTORS' INTEREST IN TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY**

- 17.1 Subject to the Companies Acts, and provided he has complied with any provision of the Companies Acts requiring declaration of his interest to the other directors, a director may:
- 17.1.1 have any kind of interest in any existing or proposed transaction or arrangement with the company or in which the company is otherwise interested;

- 17.1.2 have any kind of interest in any existing or proposed transaction or arrangement with or involving another company in which the company is interested; and
- 17.1.3 alone (or through some firm with which he is associated) do paid professional work for the company (other than as auditor).
- 17.2 Unless otherwise agreed, a director is not accountable to the company for any benefit which he receives as a result of anything allowed under article 17.1.
- 17.3 If a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in that meeting, or part of a meeting, for voting or quorum purposes.
- 17.4 But if article 17.5 below applies, a director who is interested in an actual or proposed transaction or arrangement with the company and that director's alternate:
- 17.4.1 is to be counted for quorum purposes as participating in a decision at a directors' meeting, or part of a directors' meeting, relating to it; and
- 17.4.2 is entitled to vote on a proposal relating to it.
- 17.5 This article 17.5 applies when:
- 17.5.1 the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in, or voting at, a directors' meeting;
- 17.5.2 the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- 17.5.3 the director's conflict of interest arises from a permitted cause.
- 17.6 For the purposes of this article 17, the following are permitted causes:
- 17.6.1 a guarantee, indemnity or security given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
- 17.6.2 subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities;

- 17.6.3 any contract in which the director is interested by virtue of his interest in shares or debentures or other securities of the company or by reason of any other interest in or through the company;
- 17.6.4 any contract concerning any other company (not being a company in which the director owns one per cent or more) in which the director is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- 17.6.5 arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors as such; and
- 17.6.6 any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any director or directors or for, or for the benefit of, persons who include directors.
- 17.7 For the purposes of article 17.6.4, a company is deemed to be one in which a director owns one per cent or more if and for so long as (but only if any for so long as) the director would be connected with that company for the purposes of section 254 of the Companies Act 2006 if, for the references in that section to "20%", there were substituted references to "1%".
- 17.8 References in articles 17.6.3, 17.6.4 and 17.6.6 to a contract include references to a proposed contract and to any transaction or arrangement whether or not constituting a contract.
- 17.9 If a question arises at a meeting of directors or of a committee as to the right of a director (other than the chairman) to vote or be counted in the quorum, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to the director concerned is to be final and conclusive. If any question shall arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting, or that part of the meeting, for voting or quorum purposes.
- 18. DIRECTORS' INTEREST: AUTHORISATION OF CONFLICT SITUATIONS BY DIRECTORS**
- 18.1 For the purposes of section 175 of the Companies Act 2006, the directors have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under that section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.

- 18.2 Authorisation of a matter under this article 18 is effective only if:
- 18.2.1 the matter in question is proposed in writing for consideration at a directors' meeting, in accordance with the directors' normal procedures or in such other manner as the directors may approve;
  - 18.2.2 the proposal is dealt with as an item of business at that directors' meeting in accordance with the directors' normal procedures (subject to articles 18.2.3 and 18.2.4);
  - 18.2.3 any requirement as to the quorum at the directors' meeting, or the part of a directors' meeting, at which the matter is considered is met without counting the director in question and any other interested director (together the **interested directors**); and
  - 18.2.4 the matter is agreed to without the interested directors voting, or the matter would have been agreed to if the votes of the interested directors had not been counted.
- 18.3 Any authorisation of a matter under this article 18 extends to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.
- 18.4 Any authorisation of a matter under this article 18 may be given on or subject to such conditions or limitations as the directors decide, whether at the time such authorisation is given or subsequently. In particular, the directors may provide:
- 18.4.1 for the exclusion of some or all of the interested directors from the receipt of information, or participation in discussion (whether at directors' meetings or otherwise), relating to the matter authorised by the directors; or
  - 18.4.2 with respect to an interested director who obtains information that is confidential to a third party, that he is not obliged to disclose that information to the company, or to use the information in relation to the company's affairs, where to do so would amount to a breach of that confidence.
- A director must comply with any obligations imposed on him by the directors in or pursuant to any authorisation.
- 18.5 A director is not, except as otherwise agreed by him, accountable to the company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under this

article 18, and any contract, transaction or arrangement relating to such matter is not liable to be avoided on the grounds of any such benefit.

- 18.6 An authorisation under this article 18 may be terminated by the directors at any time.
- 18.7 The provisions of article 18.2 apply in relation to any modification of the conditions or limitations on or subject to which an authorisation is given as they apply in relation to the giving of the authorisation.
- 18.8 An authorisation must be recorded in writing, but failure to do so will not invalidate the authorisation.
- 18.9 The directors may not delegate the powers conferred on them under article 18.1.

## **19. PROPOSING DIRECTORS' WRITTEN RESOLUTIONS**

- 19.1 Any director may propose a directors' written resolution.
- 19.2 The company secretary must propose a directors' written resolution if a director so requests.
- 19.3 A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.
- 19.4 Notice of a proposed directors' written resolution must indicate:
  - 19.4.1 the proposed resolution; and
  - 19.4.2 the time by which it is proposed that the directors should adopt it.
- 19.5 Notice of a proposed directors' written resolution must be given in writing to each director.

## **20. ADOPTION OF DIRECTORS' WRITTEN RESOLUTIONS**

- 20.1 A proposed directors' written resolution is adopted when a majority of the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it or otherwise indicated agreement to it in writing, provided that those directors signing would have formed a quorum at such meeting.
- 20.2 It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.



20.3 Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.

20.4 The company secretary must ensure that the company keeps a record, in writing, of all directors' written resolutions for at least ten years from the date of their adoption.

**21. DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

**APPOINTMENT OF DIRECTORS**

**22. MINIMUM AND MAXIMUM NUMBER OF DIRECTORS**

22.1 Subject to article 22.2, the company shall have:

22.1.1 not more than 16; and

22.1.2 not less than four,

directors.

22.2 The company may by ordinary resolution vary the minimum or maximum number of directors.

22.3 For the purposes of this article 22, an alternate director is not deemed to be a director.

**23. 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:

23.1.1 by ordinary resolution; or

23.1.2 by a decision of the directors.

**24. RETIREMENT OF DIRECTORS BY ROTATION**

At every annual general meeting any directors:

24.1 who have been appointed by the directors since the last annual general meeting; or

24.2 who were not appointed or reappointed at one of the preceding two annual general meetings, must retire from office and may offer themselves for reappointment by the shareholders.

**25. TERMINATION OF DIRECTOR'S APPOINTMENT**

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

25.1.1 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;

25.1.2 a bankruptcy order or an award of sequestration is made against that person or his estate;

25.1.3 a composition is made with that person's creditors generally in satisfaction of that person's debts, or that person grants a trust deed (within the meaning of section 5(4A) of the Bankruptcy (Scotland) Act 1985);

25.1.4 a consultant specialist who is treating that person (provided he is a consultant specialist in the discipline which customarily deals with that person's alleged condition) gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and is likely to remain so for more than three months;

25.1.5 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;

25.1.6 notification is received by the company from the director that the director is resigning or retiring from office as director, and such resignation or retirement has taken effect in accordance with its terms; or

25.1.7 that person receives notice signed by all the other directors stating that that person should cease to be a director.

25.2 The termination of a person's appointment as a director under the articles terminates that person's membership of any committee.

25.3 The termination of a person's appointment as a director under the articles is without prejudice to any claim which that person may have for breach of contract.

**26. DIRECTORS' REMUNERATION**

26.1 Directors may undertake any services for the company that the directors decide.

26.2 Subject to article 26.6, directors are entitled to such remuneration as the directors determine:

26.2.1 for their services to the company as directors; and

26.2.2 for any other service which they undertake for the company.

26.3 Subject to the articles, a director's remuneration may:

26.3.1 take any form; and

26.3.2 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.

26.4 Unless the directors decide otherwise, directors' remuneration accrues from day to day.

26.5 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.

26.6 The fees paid to directors for their services to the company as directors must not exceed in aggregate £750,000 per annum, or such higher amount as the company may from time to time decide by ordinary resolution.

26.7 The fees referred to in article 26.6 are distinct from any remuneration or other amounts payable to a director pursuant to other provisions of the articles or any contract or arrangement between the company and the relevant director, and nothing in article 26.6 prevents or restricts the payment of such extra remuneration as the directors may determine to any director who:

26.7.1 is appointed to any executive office (including for this purpose the office of chairman, deputy chairman or vice-chairman, whether or not such office is held in an executive capacity);

26.7.2 serves on any committee;

26.7.3 acts as trustee of a retirement benefits scheme or employees' share scheme;

26.7.4 otherwise performs duties which are outside the scope of the ordinary duties of a director; or

26.7.5 makes any special exertions in going or residing abroad or otherwise in or about the business of the company.

**27. DIRECTORS' EXPENSES**

The company may pay any reasonable expenses which the directors properly incur in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

**ALTERNATE DIRECTORS**

**28. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS**

28.1 Any director (the **appointor**) may appoint as his alternate (an **alternate** or **alternate director**) any other director, or any other person approved by resolution of the directors, to:

28.1.1 exercise that director's powers; and

28.1.2 carry out that director's responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate's appointor.

28.2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the directors.

28.3 The notice must:

28.3.1 identify the proposed alternate; and

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

**29. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

29.1 An alternate director has (except as regards power to appoint an alternate and remuneration) the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor.

29.2 Except as the articles specify otherwise, alternate directors:

29.2.1 are deemed for all purposes to be directors;

29.2.2 are liable for their own acts and omissions;

29.2.3 are subject to the same restrictions as their appointors; and

29.2.4 are not deemed to be agents of or for their appointors.

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

29.3.1 must be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating); and

29.3.2 may sign a written resolution (but only if it is not signed or to be signed by that person's appointor).

No alternate may be counted as more than one director for such purposes.

29.4 Subject to the articles, if an alternate's appointor has an interest in an actual or proposed transaction or arrangement with the company:

29.4.1 that alternate may not vote on any proposal relating to it; but

29.4.2 this does not preclude the alternate from voting in relation to that transaction or arrangement on behalf of another appointor who does not have such an interest.

29.5 An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

### **30. TERMINATION OF ALTERNATE DIRECTORSHIP**

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

30.1.1 when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;

30.1.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;

30.1.3 on the death of the alternate's appointor; or

30.1.4 when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a director at the same general meeting.

### **PART 3**

#### **DECISION-MAKING BY SHAREHOLDERS**

##### **ORGANISATION OF GENERAL MEETINGS**

#### **31. SHAREHOLDERS CAN CALL GENERAL MEETING IF NOT ENOUGH DIRECTORS**

If:

31.1 the total number of directors for the time being is less than the quorum for director's meeting;  
and

31.2 the directors (if any) are unable or unwilling to appoint sufficient directors to make up a quorum or to call a general meeting to do so,

then two or more shareholders may call a general meeting (or instruct the company secretary in writing to do so) for the purpose of appointing one or more directors.

#### **32. POSTPONING OR MOVING GENERAL MEETING**

32.1 If it appears to the directors that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time or place specified in the notice of the general meeting, they may postpone or move the general meeting to another date, time and/or place.

32.2 The directors must take reasonable steps to ensure that the notice of the date, time and place of the rearranged meeting is given to any shareholder who tries to attend the meeting at the original time and place.

32.3 The directors must also, if practicable, advertise the date, time and place of the rearranged meeting in at least two daily newspapers, one with a national circulation in the United Kingdom and one with a circulation in Scotland. Notice of the business to be transacted at this rearranged meeting need not be given again.

32.4 The directors may also postpone or move the rearranged meeting under this article.

### **33. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

33.1 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.

33.2 A person is able to exercise the right to vote at a general meeting when:

33.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

33.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

33.3 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.

33.4 In determining attendance at a general meeting, it is immaterial whether any two or more persons attending it are in the same place as each other.

33.5 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.

33.6 If persons present at more than one place attend a general meeting, a failure (for any reason) of communication equipment, or any other failure in the arrangements for enabling those in a location other than the principal meeting place to exercise their rights to speak or vote at that meeting, shall not affect the validity of the meeting at the principal meeting place, or any business conducted there or any action taken pursuant to such business.

- 33.7 The directors may, for the purpose of facilitating the organisation and administration of any general meeting, make such arrangements for controlling the level of attendance at any place (including the issue of tickets or the imposition of some other means of selection) as they, in their absolute discretion, consider to be appropriate, and may change those arrangements.

**34. QUORUM FOR GENERAL MEETINGS**

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. Three qualifying persons present at a meeting are a quorum unless, of those three:

34.1 all or a majority are qualifying persons only because they are authorised under section 323 of the Companies Act 2006 to act as representatives at the meeting, and they are representatives of the same corporation; or

34.2 all or a majority are qualifying persons only because they are appointed as proxies in relation to the meeting and they are proxies of the same shareholder.

**35. CHAIRING OF GENERAL MEETINGS**

35.1 The chairman (if any) shall chair general meetings at which he is present.

35.2 If the chairman is not present within ten minutes of the time at which a meeting was due to start, the deputy chairman (if any) shall chair the meeting. If there is no deputy chairman, or the deputy chairman is not present within ten minutes of the time at which the meeting was due to start:

35.2.1 the directors present; or

35.2.2 (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.

35.3 The person chairing a meeting in accordance with this article 35 is referred to as the **chairman of the meeting**.

**36. ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS**

36.1 Directors may attend and speak at general meetings, whether or not they are shareholders.



36.2 The chairman of the meeting may permit other persons who are not:

36.2.1 shareholders of the company; or

36.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,  
to attend and speak at a general meeting.

### **37. SECURITY ARRANGEMENTS FOR GENERAL MEETINGS**

37.1 The directors and the company secretary may, before a general meeting, make any arrangement, or impose any requirement or restriction, they or he may consider appropriate to ensure the security of the meeting and the safety of persons attending the meeting.

37.2 Such arrangements may include:

37.2.1 directing that persons attending the meeting should produce evidence of identity or submit to searches of their personal property; or

37.2.2 restricting the items that may be taken into the meeting place.

37.3 The directors or the company secretary or the chairman of the meeting may refuse entry to, and the chairman of the meeting may eject from, a general meeting any person who fails to comply with arrangements, requirements or restrictions under this article.

### **38. ORDERLY CONDUCT**

38.1 The chairman of the meeting shall take such action, or give directions for such action to be taken, as he thinks fit to promote the orderly conduct of the business of a general meeting as laid down in the notice of the meeting, and to promote the conduct of such business with reasonable despatch.

38.2 The decision of the chairman of the meeting on matters of procedure or arising incidentally from the business of a general meeting shall be final, as shall be his determination as to whether any matter is of such a nature. This provision is without prejudice to the powers of the chairman of the meeting under articles 41.2, 41.4 and 46.

**39. ADJOURNMENT**

39.1 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.

39.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:

39.2.1 the meeting consents to an adjournment; or

39.2.2 it appears to the chairman of the meeting that:

(a) the persons wishing to attend cannot be conveniently accommodated in the place or places appointed for the meeting; or

(b) 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.

39.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

39.4 When adjourning a general meeting, the chairman of the meeting must (subject to section 307A(7)(b) of the Companies Act 2006):

39.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and

39.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

39.5 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 seven clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

39.5.1 to the same persons to whom notice of the company's general meetings is required to be given; and

39.5.2 containing the same information which such notice is required to contain.

- 39.6 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**

#### **40. VOTING: GENERAL**

- 40.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is taken on it in accordance with the articles.

- 40.2 Subject to the articles:

40.2.1 on a vote on a resolution on a show of hands at a meeting:

- (a) every shareholder present in person has one vote; and
- (b) every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution has one vote (subject to section 285(2) of the Companies Act 2006); and

40.2.2 on a vote on a resolution on a poll taken at a meeting, every shareholder present in person or by proxy has one vote in respect of each share held by him.

#### **41. ERRORS AND DISPUTES**

- 41.1 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.

41.2 Any such objection must be referred to the chairman of the meeting whose decision shall be final.

41.3 If any votes are not counted at a general meeting which ought to have been counted, such error does not invalidate the vote on any resolution unless the error is pointed out at that meeting or adjourned meeting.

41.4 Any such error must be referred to the chairman of the meeting, and shall only invalidate the vote on any resolution if the chairman of the meeting decides that the error may have affected the decision of the meeting. The decision of the chairman of the meeting on such matter shall be final.

**42. DEMANDING A POLL**

42.1 A poll on a resolution may be demanded:

42.1.1 in advance of the general meeting where it is to be put to the vote; or

42.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared, or on the withdrawal of any other demand for a poll.

For the purposes of articles 43.5, 43.7 and 45.4, a poll demanded in advance of a general meeting is treated as demanded at the start of that meeting.

42.2 A poll may be demanded by:

42.2.1 the chairman of the meeting;

42.2.2 the directors;

42.2.3 five or more persons having the right to vote on the resolution; or

42.2.4 a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

42.3 A demand for a poll may be withdrawn if:

42.3.1 the poll has not yet been taken; and

42.3.2 the chairman of the meeting consents to the withdrawal.

**43. PROCEDURE ON A POLL**

43.1 Subject to the articles, polls at general meetings must be taken when, where and in such manner as the chairman of the meeting directs.

43.2 The chairman of the meeting may appoint scrutineers (who need not be shareholders) and decide how and when the result of the poll is to be declared. In particular, the chairman of the meeting may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

