RETAIL ENERGY CODE

Company Governance

RETAIL ENERGY CODE

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SCHEDULE 4

Company Governance Schedule

Version: 1.0 Effective Date: 28 February 2019

Domestic Suppliers	Mandatory
Non-Domestic Suppliers	Mandatory
Gas Transporters	Mandatory
Distribution Network Operators	Mandatory
DCC	Mandatory

Change History

Version Number	Implementation Date	Reason for Change
1.0	28 February 2019	Version for designation

1 Background

1.1. It is intended that each Eligible Party will become a shareholder in RECCo, and that the shareholders in RECCo shall be limited to the Eligible Parties.

1.2. The Shareholders have agreed that their respective rights as Shareholders shall be regulated by the provisions of this REC Schedule. The rights of the Parties as Shareholders are set out exclusively in this REC Schedule. No other provision of this Code shall apply to the regulation of the rights and obligations of Shareholders in their capacity as Shareholders.

2 Additional Definitions and Interpretation

2.1. In this REC Schedule, except where the context otherwise requires, the following words and expressions shall have the following meanings:

Articles	means the articles of association of RECCo, as amended from time to time.
Director	means a director of RECCo from time to time.
Eligible Party	means each Party other than RECCo.
Objective	means to give effect to the decisions of the REC Board in accordance with this Code, and (subject thereto) to act as a

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	corporate vehicle to give effect to the decisions of the REC Panel and its Sub-Committees.
Retiring Shareholder	means a shareholder that ceases to be an Eligible Party in accordance with this code.
RECCo Chair	means the chairman of the REC Board from time to time.
RECCo Secretary	means the Code Manager in the role of RECCo's company secretary.
Share	means an ordinary share of £1 each in the share capital of RECCo.
Shareholder	means a person from time to time registered as a holder of a Share.
Subscribing Shareholders	means each Eligible Party that agreed (prior to the designation of this Code) to become a Shareholder with effect from the designation of this Code.

2.2. Words and expressions defined elsewhere in this Code shall have the same meaning in this REC Schedule unless the context otherwise requires.

3 Acknowledgement of Preliminary Matters Already Undertaken

3.1. It is acknowledged that resolutions of the REC Board and of the Shareholders were made prior to the designation of this Code, at which the business set out in Appendix 1 was undertaken. As set out in that appendix, such business is to have effect from the designation of this Code.

3.2. The consequence of the resolutions referred to above is that, with effect from the designation of this Code, each of the Subscribing Shareholders is a Shareholder and each of the individuals that are to initially serve on the REC Board have been appointed as Directors.

4 RECCo's Objective

4.1. The Shareholders and RECCo acknowledge and agree that RECCo shall not undertake any activities other than those that are reasonably necessary for carrying out the Objective.

4.2. Each Shareholder acknowledges and agrees that RECCo will have complete independence from its Shareholders in its operations and undertakes not to take any action which obstructs or interferes with, or seeks to obstruct or interfere with, the carrying out of the Objective (provided that this Paragraph 4.2 shall not restrict the exercise of Shareholder rights in order to comply with the requirements of this REC Schedule).

5 RECCo's Business

5.1. Each Shareholder agrees with each other Shareholder to exercise its rights under this

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REC Schedule and as a Shareholder in RECCo so as to ensure that:

(a) RECCo performs and complies with all its obligations under this Code (including without limitation this REC Schedule) and complies with the restrictions (if any) imposed on it by the Articles; and

(b) RECCo's activities are conducted in accordance with sound and good business practice with a view to achieving the Objective.

6 New Shareholders

6.1. As part of its application to become a New Party, each Eligible Party will apply to become a Shareholder. Any Eligible Party from time to time that is not a Shareholder shall apply to become a Shareholder. Upon any such application, the Directors shall either:

(a) procure the transfer to such Eligible Party of one Share then held by a nominee in accordance with Paragraph 7.2 or 7.3; or

(b) allot to such Eligible Party one Share.

6.2. For the purposes of Paragraph 6.1(b), the Shareholders agree that, where no Shares are otherwise available for issue, they will exercise the voting rights attaching to their Shares to procure that all necessary steps are taken to create and/or authorise the issue of further Shares.

7 Dealings with Shares

7.1. Otherwise than in accordance with the following provisions of this Paragraph 7, no Shareholder shall:

(a) pledge, mortgage (whether by way of fixed or floating charge) or otherwise encumber its legal or beneficial interest in its Shares; or

(b) sell, transfer or otherwise dispose of any of such Shares (or any legal or beneficial interest therein); or

(c) enter into any agreement in respect of the rights attached to Shares; or

(d) agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing.

7.2. Upon written notice by the REC Board requiring it to do so, a Retiring Shareholder shall pay up all amounts which remain unpaid on any Share held by it. The Retiring Shareholder will transfer its Shares at par to a nominee who will hold the Shares for and on behalf of all the other Shareholders. The nominee will be selected by the Directors. All costs and expenses of such transfer shall be for the account of the

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Retiring Shareholder.

7.3. If a Retiring Shareholder fails or refuses to transfer any Shares in accordance with its obligations under Paragraph 7.2, the Retiring Shareholder irrevocably appoints by way of security for the failure to perform obligations under this Paragraph 7.3 any Director to execute and deliver a transfer of the Shares from the Retiring Shareholder to a nominee on behalf of the Retiring Shareholder. RECCo may accept the consideration for the transfer (subject to the Retiring Shareholder paying-up all amounts which remain unpaid on any Share) and hold it on trust for the Retiring Shareholder, which acceptance shall be a good discharge to the nominee, and may set off such amounts against the costs and expenses of the transfer. The Directors shall cause the nominee to be registered as the holder of such Share and, following the registration of the transfer, the validity of the proceedings shall not be questioned by RECCo or any Shareholder.

7.4. The nominee referred to in Paragraphs 7.2 and 7.3 shall hold Shares transferred to it until such time as it is directed by the Directors to transfer them (or some of them) in accordance with Paragraph 6.1(a) and for such period (and only for such period) as the nominee holds any Shares, all rights attaching to the Share shall be suspended, including:

(a) the right to receive income and/or capital;

(b) the right to attend and vote or appoint proxies to attend and vote at general meetings of RECCo (whether on a show of hands or on a poll and in the case of proxies only on a poll); and

(c) the right to appoint and remove a Director.

7.5. The Shareholders shall procure that, save in the case of any nominee for the purposes of Paragraphs 7.2 and 7.3:

(a) no person who is not an Eligible Party may at any time become a Shareholder; and

(b) no Eligible Party shall hold more than one Share at any time,

and the Directors shall be entitled to refuse to allot and/or to register any transfer of a Share that would result in a breach of this Paragraph 7.5.

8 Composition and Proceedings of the REC Board

8.1. RECCo and the Shareholders acknowledge that this Code contains detailed provisions regarding the composition of the REC Board. RECCo and the Shareholders agree that the composition of the REC Board should be consistent with the requirements of this Code.

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8.2. RECCo and the Shareholders acknowledge that this Code contains detailed provisions regarding the procedural rules of the REC Board. RECCo and the Shareholders agree that the composition of the REC Board should be consistent with the requirements of this Code.

9 Expenditure and Working Capital

9.1. The Shareholders intend that RECCo should be run on a "break even" basis and shall procure that any surplus working capital shall, rather than being distributed to Shareholders, be retained by RECCo and applied to subsequent expenditure.

9.2. None of the Shareholders shall be obliged to provide any finance to RECCo or to provide any guarantee, indemnity or other security which third parties may require to secure the obligations of RECCo.

9.3. The Shareholders shall exercise the rights attaching to their Shares with a view to ensuring that RECCo does not incur costs unless authorised to do so in accordance with this Code.

10 Conflict with the Articles

10.1. In the event of any ambiguity created by or discrepancy between the provisions of this REC Schedule and the Articles, it is the intention that the provisions of this REC Schedule shall prevail and accordingly the Shareholders shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this REC Schedule and shall further, if necessary, procure any required amendment to the Articles.

10.2. Any Shareholder failing to comply with the provisions of Paragraph 10.1 shall be deemed to have appointed RECCo as its lawful attorney for the purpose of signing any written resolution (or receiving notices of and attending and voting at all meetings) of the members of the RECCo to give effect to the provisions of Paragraph 10.1 and to effect any required amendment to the Articles (including to conform the Articles to this REC Schedule), and this power of attorney (which is given by way of security to secure the performance of obligations owed by the Shareholder to the RECCo under Paragraph 10.1) shall be irrevocable.

11 Further Assurance

11.1. Each Shareholder shall co-operate with the other Shareholders and execute and deliver to the other Shareholders such other instruments and documents and take such other actions as may be reasonably requested from time to time in order to carry out, evidence and confirm their rights under, and the intended purpose of, this REC Schedule.

Appendix 1: Establishment of RECCo

Prior to designation of this Code, RECCo (acting by its directors from time to time) and/or the

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shareholders of RECCo (as applicable) approved the following matters:

- the transfer of the subscription share in the capital of RECCo to a nominee as if Paragraph 7.2 applied;
- the change of the accounting reference date of RECCo to 31 March;
- the adoption of new Articles of Association of RECCo in the form set out in Appendix 2;
- the subscription for Shares in RECCo by the Subscribing Shareholders;
- the appointment of the original directors of RECCo as Directors;
- conflicts of interest (if any) of the incoming directors of RECCo; and
- the resignation of the incumbent Director of RECCo appointed at incorporation.

Appendix 2: Articles of Association

Form of New Articles

ARTICLES OF ASSOCIATION

THE COMPANIES ACT 2006

ARTICLES OF ASSOCIATION

of

Retail Energy Code Company Limited (the "Company")

(Registered No. 10989875)

(adopted by Special Resolution passed on or before 28 February 2019)

1 Defined terms

1.1 In these articles:

"CA 2006" means the Companies Act 2006;

"Code" means the Retail Energy Code maintained pursuant to the electricity supply licences granted pursuant to the Electricity Act 1989 and the gas supply licences granted pursuant to the Gas Act 1986, as such code is modified from time to time in accordance with its provisions;

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

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"connected persons" in relation to a director means persons connected with that director for the purposes of section 252 CA 2006;

"eligible director" means, in relation to a matter or decision, a director who is or would be entitled to count in the quorum and vote on the matter or decision at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter or decision);

"Group Company" means a body corporate which is at the relevant time: (a) a subsidiary of the Company; or (b) the Company's holding company or a subsidiary of that holding company, (and for these purposes "holding company" and "subsidiary" have the meanings given to those expressions in section 1159 CA 2006); and

"Model Articles" means the regulations contained in schedule 3 to The Companies (Model Articles) Regulations 2008.

1.2 Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Model Articles and CA 2006, in each case as in force on the date when these articles become binding on the Company.

1.3 For the purposes of these articles a corporation shall be deemed to be present in person if its representative duly authorised in accordance with the Companies Acts is present in person.

1.4 Headings in these articles are used for convenience only and shall not affect the construction or interpretation of these articles.

1.5 A reference in these articles to an "article" is a reference to the relevant article of these articles unless expressly provided otherwise.

1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:

(a) any subordinate legislation from time to time made under it; and

(b) any amendment or re-enactment,

and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.

1.7 Any phrase in these articles or the Model Articles introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall

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not limit the sense of the words preceding those terms.

2 Adoption and variation of Model Articles

2.1 Subject as provided in these articles, the Model Articles shall apply to the Company.

2.2 Model Articles 7, 8(2), 11, 12, 13(3), 16, 17(2), 18(4), 19, 20, 21, 23, 41, 52 – 62 (inclusive), and 70 – 77 (inclusive) shall not apply to the Company.

3 Conflicts of interest

3.1 In this article and articles 4 and 5:

authorise	means to authorise in accordance with section 175(5)(a) CA 2006 and "authorisation", "authorised" and cognate expressions shall be construed accordingly; a "conflict of interest" includes a conflict of interest and duty and a conflict of duties
conflicted director	means a director in relation to whom there is a conflicting matter
conflicting matter	means a matter which would or might (if not authorised or if not permitted under article 4) constitute or give rise to a breach of the duty of a director under section 175(1) CA 2006 to avoid a conflict situation
conflict situation	means a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possible may conflict, with the interests of the company (including a conflict of interest)
interested director	means a director who has, in any way, a material direct or indirect interest in a matter or decision; a conflicting matter, conflict situation or interest is "material" unless it cannot reasonably be regarded as likely to give rise to a conflict of interest; and
other directors	means, in relation to a particular conflicting matter, directors who are not interested directors in relation to that conflicting matter.

3.2 Exercise of the power of the directors to authorise a conflicting matter shall be subject to the provisions of this article.

3.3 The provisions of this article apply:

(a) subject to article 4; and

(b) without prejudice (and subject) to the provisions of section 175(6) CA 2006.

Nothing in these articles shall invalidate an authorisation.

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3.4 A conflicted director seeking authorisation of any conflicting matter shall disclose to the other directors the nature and extent of the conflicting matter as soon as is reasonably practicable. The conflicted director shall provide the other directors with such details of the conflicting matter as are necessary for the other directors to decide how to address the conflicting matter, together with such additional information as may be requested by the other directors.

3.5 Any director (including the conflicted director) may propose that a conflicted director's conflicting matter be authorised. Any such proposal, and any authorisation given by the directors, shall be effected in the same way as any other matter that may be proposed to and resolved on by the directors under the provisions of these articles, except that:

(a) the conflicted director and any other interested director shall not count towards the quorum nor vote on any resolution giving that authorisation; and

(b) the conflicted director and any other interested director may, if the other directors so decide, be excluded from any meeting of the directors while the conflicting matter and the giving of that authorisation are under consideration.

3.6 Where the directors authorise a conflicted director's conflicting matter:

(a) the directors may (whether at the time of giving the authorisation or subsequently): (i) require that the conflicted director is excluded from the receipt of information, the participation in discussions and/or the making of decisions (whether at meetings of the directors or otherwise) in relation to which any actual or potential conflict of interest may arise from the conflicting matter; and (ii) impose on the conflicted director such other terms or conditions for the purpose of dealing with any actual or potential conflict of interest which may arise from the conflicting matter as they may determine;

(b) the conflicted director shall conduct himself in accordance with any terms or conditions imposed by the directors (whether at the time of giving that authorisation or subsequently);

(c) the directors may provide that, where the conflicted director obtains (otherwise than through his position as a director) information that is confidential to a third party, the conflicted director will not be obliged to disclose the 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;

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

(e) the directors may revoke or vary the authorisation at any time but no such action will affect anything done by the conflicted director prior to that action in accordance with the terms of the authorisation.

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4 Permitted conflict situations

4.1 If a director or a connected person of a director:

(a) is or becomes a member, director, manager or employee of the company or any other Group Company; or

(b) acquires and holds shares in the capital of any other body corporate, wherever incorporated, provided that the shares held by the director and his connected persons do not exceed 3% of the nominal value of the issued share capital of that body corporate,

then any conflict situation which arises only by reason of such a conflicting matter is permitted by this article and the relevant conflicting matter does not require disclosure and authorisation in accordance with article 3.

4.2 A director shall not, by reason of his office or of the resulting fiduciary relationship, be liable to account to the company for any benefit which he (or a person connected with him) derives from:

(a) a conflicting matter authorised by the directors;

(b) a conflicting matter to which article 4.1 applies; or

(c) a decision of the directors in relation to which, in accordance with article 5.2, the director was an eligible director, notwithstanding his relevant conflicting interest,

and no transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

5 Directors' interests and decision making

5.1 Model Articles - 8 – 10 (inclusive), 13, 17 and 18 shall take effect subject to the terms of the Code.

5.2 A director who has a direct or indirect interest or duty that conflicts with the interests of the company in relation to a proposed decision of the directors is not an eligible director in relation to that decision unless article 5.3 applies to him.

5.3 A director who has a direct or indirect interest that conflicts with the interests of the company in relation to a proposed decision of the directors (a "relevant conflicting interest") shall be an eligible director in relation to that decision, provided that:

(a) in a case where the relevant conflicting interest is in an actual or proposed transaction or arrangement with the company, the nature and extent of the relevant conflicting interest either:

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(i) has been duly declared to the other directors in accordance with section 177 or section 182 CA 2006, as the case may require; or

(ii) is not required by the terms of either of those sections to be declared; and

(A) where the relevant conflicting interest is constituted by, or arises from, a conflicting matter of the director and:

1) that conflicting matter (or any breach of the relevant director's duty under section 175(1) CA 2006 by reason of that conflicting matter) is or has been authorised, permitted, approved or ratified, either in accordance with article 3 or article 4 or by the members (and that authorisation, permission, approval or ratification has not been revoked, withdrawn or reversed); and

2) the relevant director has not been required to be excluded from participation in discussions and/or the making of decisions in relation to which the director has the relevant conflicting interest; or

(B) where the relevant conflicting interest is constituted by, or arises from, a conflicting matter of the director and that conflicting matter (or any breach of the relevant director's duty under section 175(1) CA 2006 by reason of that conflicting matter) is not or has not been authorised, permitted, approved or ratified, either in accordance with article 3 or article 4 or by the members:

1) the conflict situation arising by reason of that conflicting matter is not material; or

2) the other directors are aware of the relevant conflicting interest and have determined that the director shall be an eligible director in relation to that decision; and

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(b) in any other case:

(i) the director has disclosed the nature and extent of the relevant conflicting interest, or has not done so where:

(A) it cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(B) the other directors are already aware of it; and

(ii) where the relevant conflicting interest is constituted by, or arises from, a conflicting matter of the director and:

(A) that conflicting matter (or any breach of the relevant director's duty under section 175(1) CA 2006 by reason of that conflicting matter) is or has been authorised, permitted, approved or ratified, either in accordance with article 3 or article 4 or by the members (and that authorisation, permission, approval or ratification has not been revoked, withdrawn or reversed); and

(B) the relevant director has not been required to be excluded from participation in discussions and/or the making of decisions in relation to which the director has the relevant conflicting interest; or

(iii) where the relevant conflicting interest is constituted by, or arises from, a conflicting matter of the director and that conflicting matter (or any breach of the relevant director's duty under section 175(1) CA 2006 by reason of that conflicting matter) is not or has not been authorised, permitted, approved or ratified, either in accordance with article 3 or article 4 or by the members:

(A) the conflict situation arising by reason of that conflicting matter is not material; or

(B) the other directors are aware of the relevant conflicting interest and have determined that the director shall be an eligible director in relation to that decision; but

the provisions of this article do not apply in relation to a decision under article 3.5.

For the purposes of this article, the other directors are to be treated as aware of anything of

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which they ought reasonably to be aware.

5.4 If a question arises at a meeting of the directors about whether or not a director (other than the chair of the meeting):

(a) has a material conflict situation for the purposes of articles 3 or 4;

(b) can vote (where that director does not agree to abstain from voting) on the issue in relation to which the conflict situation arises; or

(c) can be counted in the quorum (where that director does not agree not to be counted in the quorum) for the purpose of voting on the issue in relation to which the conflict arises,

then the question must (unless article 5.5 applies) be referred to the chair of the meeting. The ruling of the chair of the meeting in accordance with this article 5.4 about any director other than himself is final and conclusive, unless the nature or extent of the director's conflict situation (so far as it is known to him) has not been fairly disclosed to the other directors.

5.5 If in relation to a question of the kind referred to in article 5.4 the chair of the meeting is an interested director, the question must be referred to the other directors in accordance with article 5.5 as if it were a question about the chair of the meeting.

5.6 If a question of the kind referred to in article 5.4 arises about the chair of the meeting (or if article 5.5 applies), the question shall be decided by a resolution of the other directors. The chair of the meeting (or conflicted director) cannot vote on the question but can be counted in the quorum. The other directors' resolution about the chair of the meeting (or conflicted director) is conclusive, unless the nature and extent of the chair's (or conflicted director's) conflict situation (so far as it is known to him) has not been fairly disclosed to the other directors.

5.7 For the purposes of:

(a) any meeting (or part of a meeting) held in accordance with article 3 to authorise a director's conflict; or

(b) any determination in accordance with article 5.4 or 5.6,

if there is only one director present who is not an interested director for the purpose of that authorisation or determination, the quorum for that meeting (or part of a meeting) is one eligible director.

5.8 For the purposes of:

(a) any written directors' resolution to authorise a director's conflict in accordance with article 3; or

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(b) any written determination in accordance with article 5.4 or 5.6,

if there is only one director in office who is not an interested director for the purpose of that authorisation or determination, the quorum for the purpose of signing that resolution or determination is one eligible director.

5.9 Nothing in this article 5 shall be taken as absolving any director from any of the obligations set out in article 3. A determination by the directors in accordance with article 5.3(a)(ii)(B)(2) or 5.3(b)(iii)(B) that a conflicted director may be an eligible director in relation to a decision of the directors does not amount to authorisation of the relevant conflict situation.

5.10 The company may, by ordinary resolution, ratify any transaction, arrangement or other matter which has not been properly authorised by reason of a contravention of these articles.

6 Decision-making by directors: general

6.1 Subject to the terms the Code, the general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or by written resolution in accordance with Model Article 18.

6.2 The quorum for each meeting of the Directors shall be as determined by the Code. If:

(a) the Company only has one director; and

(b) no other provision of these articles requires it to have more than one director,

the general rule does not apply, the quorum for meetings of the directors shall be one and the director may take decisions without regard to any of the provisions of these articles relating to directors' decision-making, other than the provisions of articles 6.3 and 6.7.

6.3 The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

6.4 Model Article 9(3) shall be modified so that any meeting where all the directors participating are not in the same place shall be treated as taking place in the place where the chair of the meeting is.

6.5 Model Article 10(2) shall be read:

(a) subject to articles 5 and 6.2; and

(b) as if the final word was deleted and the words "two eligible directors" were added in its place.

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6.6 The chair of directors' meetings shall have no vote, save in the event of an equality of votes, where he shall have a casting vote, and Model Article 13(2) shall be modified accordingly.

6.7 Model Article 14(2) shall be read as if the words "to be counted" to "voting purposes" inclusive were omitted and the words "an eligible director for the purposes of that meeting (or part of a meeting)" were added in their place.

6.8 For the purposes of Model Articles 17 and 18, a written resolution of the directors may be in electronic form. Model Article 18 shall be read as if the words "all the directors" were omitted and the words "a simple majority of the directors" were added in their place.

6.9 A decision may not be taken in accordance with Model Article 18 if the eligible directors making that decision would not have formed a quorum at a directors' meeting resolving on the same matter.

6.10 Save for the chair person, the directors shall not be entitled to any remuneration from the Company. This is without prejudice to the recovery of reasonable expenses properly incurred in connection with the Company.

7 General meetings and written resolutions

7.1 Voting rights attaching to a share may be exercised, either at a general meeting or on any written resolution, notwithstanding that amounts are outstanding, due and payable to the Company in respect of that share.

8 Allotment of shares

8.1 Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, all shares shall be issued to the persons, on the terms and conditions and with the rights, priorities, privileges or restrictions in each case as provided in the resolution creating or issuing the relevant shares. In the absence of any such provision, the directors may issue the shares, subject to section 551 CA 2006, to such persons at such times and generally on such terms and conditions and with such rights, priorities, privileges or restrictions as they may think fit. Accordingly, and in accordance with section 570 CA 2006, sections 561(1) and 562 CA 2006 shall not apply to the Company.

8.2 No share shall be issued to any infant, bankrupt, insolvent body corporate or person who, by reason of that person's mental health, is subject to a court order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have.

9 Transmission of shares

9.1 Nothing in these articles or the Model Articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member.

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10 Return of capital

10.1 The Shareholders intend that the Company should be run on a “break even” basis and shall procure that any surplus working capital shall, rather than being distributed to Shareholders, be retained by the Company and applied to subsequent expenditure.

10.2 Subject to articles 10.1 and 10.3, on a return of capital on liquidation, capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied:

(a) in paying to each holder of shares an amount in respect of each share held equal to the amount paid up thereon (including any premium); and

(b) thereafter, in distributing the balance of such assets amongst the holders of the shares in proportion to the amounts paid up or credited as paid up on the shares and held by them.

10.3 Any Shareholder may elect (by notice to the Company secretary) to pay up all amounts which remain unpaid on any Share immediately prior to any return of capital of the kind referred to in article 10.2.

11 Delivery of documents and information

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

(a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

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

(c) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

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

11.2 In proving that any notice, document or other information was properly addressed, it

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shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by CA 2006.

11.3 For the purposes of section 1147(3) CA 2006, where a document or information is sent or supplied by the Company to any member by electronic means, and the Company is able to show that it was properly addressed, it is deemed to have been received by the intended recipient one hour after it was sent (but subject to section 1147(5)).

11.4 Where a document or information is sent or supplied to the Company by one person (the "agent") on behalf of another person (the "sender"), the Company may require reasonable evidence of the authority of the agent to act on behalf of the sender.

12 The Code

12.1 In addition to the provisions of these Articles, the members shall be obliged (except to the extent, if any, prohibited by law) to give effect to the Code in force at the relevant time.

12.2 Each Shareholder shall procure, to the extent reasonably possible, that the Directors shall act in all reasonable respects in relation to the Company so as to give effect to the Code, provided always that each Director will not be required to act in any manner prejudicial to his fiduciary duties as a Director of the Company.

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