

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

OF

RAIL SAFETY AND STANDARDS BOARD LIMITED

AS AMENDED BY APPROVAL OF THE MEMBERS

OBTAINED AT A GENERAL MEETING OF

THE MEMBERS ON 14 DECEMBER 2005

PRELIMINARY

1 In these Articles, unless the context otherwise requires, the following expressions have the following meanings:

“**A Members**” means the members falling within the category of members described in Article 8(a) and “**A Member**” shall mean any of them;

“**the Act**” means the Companies Act 1985, including any statutory modification or re-enactment of it for the time being in force;

“**Affected Member**” has the meaning ascribed to it by Article 12;

“**Annual Review Period**” means each successive period of one year, the first of which shall commence on 1 April 2003;

“**Annual Turnover**” means in respect of a member:

- (a) subject to Article 12(c), such part of that member’s annual turnover (including subsidies) as is derived from rail-related business activities in Great Britain (excluding turnover relating to any network which is not a Rail Network); or
- (b) (other than in respect of a member which is an “A” Member, a “B” Member or a “C” Member) if that member is part of a Group, such part of the annual turnover of that Group (including subsidies) as is derived from rail-related business activities in Great Britain (excluding turnover relating to any network which is not a Rail Network) provided that if that Group includes more than one member, then such turnover shall be divided by the number of members in that Group;

“**Appointments Committee**” means the appointments committee established and maintained

by the Board pursuant to Article 87;

“these Articles” means these Articles of Association as originally adopted or altered or varied from time to time (and **“Article”** means one of these Articles);

“Audit Committee” means the audit committee established and maintained by the Board pursuant to Article 87;

“B Members” means the members falling within the category of members described in Article 8(b) and **“B Member”** shall mean any of them;

“Board” means the Board of Directors for the time being of the Company;

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are ordinarily open for the transaction of normal banking business in London;

“C Members” means the members falling within the category of members described in Article 8(c) and **“C Member”** shall mean any of them;

“Certificate” means a certificate for the purposes of Articles 9, 10 or 38 (as the case may be) regarding the Annual Turnover of a member (broken down, if provided pursuant to Articles 9 or 10 by reference to the categories of activities respectively set out in Article 8) from the finance director or auditors of a member and which, if the certificate is provided by the finance director of a member, sets out the amount which the finance director certifies to be a bona fide estimate of the Annual Turnover (and, if applicable, the breakdown thereof) of the member or, if provided by the auditors of a member, sets out the amount which is in the opinion of the auditors a bona fide estimate of the Annual Turnover (and, if applicable, the breakdown thereof) of the member;

“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;

“Code” has the meaning ascribed to it by the Constitution Agreement;

“Constitution Agreement” means the agreement entered into or to be entered into between the members of the Company for the time being and the Company to regulate the operation and management of the Company and the relationship between its members;

“D Members” means the members falling within the category of members described in Article 8(d) and **“D Member”** shall mean any of them;

“DfT” means the Secretary of State for Transport;

“Director” means a director for the time being of the Company;

“Disqualifying Interest” means an interest in any benefit which concerns or is determined by reference to the commercial activities or affairs of any person engaged in or likely to be engaged in the provision of services relating to the Railway Industry but shall not include an entitlement to participate in an all-employee share scheme established by any such person and for the purposes of this definition; **“all-employee share scheme”** means any Inland Revenue approved employee share scheme established by a company under which it is a condition of such approval that participation is offered generally to all employees of the company and its participating subsidiaries or to all such employees fulfilling conditions as to length of service; **“benefit”** includes any payment, profit, gain or advantage however expressed, established, given or made; and **“interest”** in relation to a benefit, includes the possession, receipt or expectation of or entitlement to an interest;

“E Members” means the members falling within the category of members described in Article 8(e) and **“E Member”** shall mean any of them;

“Excluded Services” has the meaning ascribed to it by Article 12;

“F” Members means the members falling within the category of members described in Article 8(f) and **“F” Member** shall mean any of them;

“First Budget” has the meaning ascribed to it in the Constitution Agreement;

“First Directors” has the meaning ascribed to it by the Constitution Agreement;

“First Financial Year” means the period of 12 months commencing on 1 April 2003;

“First Industry Directors” has the meaning ascribed to it in the Constitution Agreement;

“First Non-Industry Directors” has the meaning ascribed to it in the Constitution Agreement;

“Franchise Agreement” has the meaning ascribed to it by the Railways Act;

“Functions” has the meaning ascribed to it by the Constitution Agreement;

“Group” means, in respect of a company, that company and any company which is a holding company or subsidiary of that company and any subsidiary of any such holding company; and for the purposes of these Articles **“subsidiary”** and **“holding company”** have the meanings ascribed to them by sections 736 and 736A of the Act;

“HSE” means the body established under the name “Health and Safety Executive” under the Health and Safety at Work etc Act 1974 or the relevant part of any person to whom its rights and obligations under the Constitution Agreement are transferred;

“Industry Director” means a non-executive Director with experience of the Railway Industry as referred to in Article 48(c) and appointed pursuant to Article 58;

“Infrastructure Controller” has the meaning ascribed to it by the Railways (Safety Case) Regulations 2000;

“Network Rail” means Network Rail Infrastructure Limited, a company incorporated in England and Wales under number 02904587;

“Non-Industry Director” means a non-executive Director as referred to in Article 48(b) and who satisfies the criteria set out in Article 64;

“Office” means the registered office for the time being of the Company;

“ORR” means the Office of Rail Regulation established under section 15 of the Railways and Transport Safety Act 2003;

“Primary Objective” means the primary objective of the Company as set out in paragraph 3.1 of the memorandum of association of the Company;

“Principles of Operation” has the meaning ascribed to it by the Constitution Agreement;

“Rail Network” means:

- (a) the network of which Network Rail or any successor organisation or organisations is the Infrastructure Controller; and
- (b) the network of which any other Infrastructure Controller which is for the time being a member of the Company in accordance with Article 7(d) is the Infrastructure Controller;

“Railway Group” means:

- (a) Network Rail or any successor organisation and any Train Operator or Station Operator which holds a railway safety case under the Railways (Safety Case) Regulations 2000 for operation on or in relation to infrastructure controlled by Network Rail or any successor organisation; and
- (b) any other Infrastructure Controller which is a member of the Company and any other Train Operator or Station Operator which holds a railway safety case under the Railways (Safety Case) Regulations 2000 for operation on or in relation to infrastructure controlled by that Infrastructure Controller; and
- (c) the Company;

“Railway Group Safety Plan” means a plan setting out the collective health and safety performance and objectives of Railway Group members and the activities planned to deliver those objectives, focusing in particular on the encouragement and facilitation of good practice and on co-operation;

“Railway Group Standards” has the meaning ascribed to it in the Code;

“Railway Industry” means members of the Railway Group and Suppliers;

“Railways Act” means the Railways Act 1993;

“relevant amount” has the meaning ascribed to it by Article 12;

“Relevant Employee” means:

- (a) every Director of the Company and every other person who has decisive authority in respect of any aspect of the Company’s activities (whether or not an employee of the Company); and
- (b) the spouse, partner and dependent children of any such person;

“Remuneration Committee” means the remuneration committee established and maintained by the Board pursuant to Article 87;

“Restricted Information” has the meaning ascribed to it by the Constitution Agreement;

“Secretary” means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

“the Statutes” means the Act and every other act for the time being in force concerning companies and affecting the Company;

“Station Operator” means any person holding a licence under section 8 of the Railways Act or a railway safety case under the Railways (Safety Case) Regulations 2000 in respect of the operation of a station on the Rail Network;

“Successor Member” has the meaning ascribed to it by Article 12;

“Supplier” means:

- (a) any person other than a Train Operator or Infrastructure Controller whose business activities or any goods which he manufactures or owns must comply, directly or indirectly, with Railway Group Standards or TSIs; and
- (b) any person other than a Train Operator or Infrastructure Controller who supplies goods or services to the Railway Industry and whose business activities are, in the opinion of the Board acting reasonably, pertinent to the achievement of the Primary Objective;

“Train Operator” means any person holding a licence under section 8 of the Railways Act or a railway safety case under the Railways (Safety Case) Regulations 2000 in respect of the operation of trains on the Rail Network;

“Triennial Review Period” means each successive period of 3 years, the first of which shall commence on 1 April 2003;

“Trigger Date” means, for the purposes of Article 13, the date on which (i) a member gives the Company notice under Article 11(a) of its intention to cease to be a member of the Company, or (ii) a member ceases to fall within any of the categories of members described in Article 7 subject to Article 12 or (iii) the Board resolves that such member shall cease to be a member of the Company pursuant to Article 11(c);

“TSIs” means Technical Specifications for Interoperability under Directives 96/48/EC and 2001/16/EC of the European Parliament and of the Council and under any other Directives adopted by either the Council or the European Parliament and the Council which from time to time relate to technical specifications for interoperability of trans-European rail systems; and

“United Kingdom” means Great Britain and Northern Ireland.

- 2 Unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Act but excluding any statutory modification of it not in force when these Articles become binding on the Company.
- 3 Any reference in these Articles to a statute or statutory provision or any subordinate legislation includes that statute, provision or subordinate legislation as from time to time modified, re-enacted or consolidated whether before or after the date of adoption of these Articles. Terms and expressions defined in the Railways Act shall, unless the contrary intention appears, have the same meanings in these Articles.

MEMBERSHIP

- 4 The subscribers to the Memorandum of Association of the Company and such other persons as are admitted to membership in accordance with these Articles shall be members of the Company.
- 5 Every person who wishes to become a member shall deliver to the Company an application for membership in such form as the Directors may require to be executed by him.
- 6 Subject to the terms of the Constitution Agreement, no person shall be admitted as a member of the Company unless he is approved by the Directors following receipt of the appropriate application.
- 7 Subject to an appropriate application for membership having been received, the Board shall admit the following to membership of the Company:
 - (a) Network Rail and each holder of a licence under section 8 of the Railways Act if such persons are required to become members of the Company under the terms of their respective licences;
 - (b) any Supplier which is not required by the terms of any licence held by it under section 8 of the Railways Act to become a member of the Company;
 - (c) any Train Operator which is not required by the terms of any licence held by it under section 8 of the Railways Act to become a member of the Company; and
 - (d) any Infrastructure Controller (other than Network Rail), subject to the prior approval of the ORR having been obtained (such approval to be given only after consultation with the HSE and the DfT).

- 8 On admission to membership of the Company, each member shall be designated by the Board as falling within one only of the following categories of membership:
- (a) passenger Train Operators;
 - (b) non-passenger Train Operators (excluding any party which operates non-passenger trains wholly or mainly in connection with its role as an infrastructure contractor);
 - (c) Network Rail and other Infrastructure Controllers;
 - (d) rolling stock owners (including rolling stock leasing companies);
 - (e) infrastructure contractors that fulfil either or both of the following criteria:
 - (i) the infrastructure contractor in question is a party to one or more infrastructure renewals contract with Network Rail or any successor organisation, or any other Infrastructure Controller which is a member of the Company or any other contract which the Board reasonably considers a successor to or the equivalent of any of these forms of contract;
 - (ii) the infrastructure contractor in question holds a non-passenger operating licence to operate trains on the Rail Network of which Network Rail or any successor organisation, or any other Infrastructure Controller which is a member of the Company is the Infrastructure Controller and operates such trains wholly or mainly in connection with its role as an infrastructure contractor;
- and
- (f) Suppliers (including rolling stock manufacturers).

9 If a member's activities fall within more than one of the categories set out in Article 8, that member shall be designated by the Board as falling within the category from which it (or, as the case may be, its Group) derives the greatest part of its Annual Turnover as at its admission to membership of the Company (if appropriate, determined by reference to its most recently published audited accounts). In the event that a member is unable to provide audited accounts as required by this Article 9 or if those audited accounts do not contain the requisite information, the Board shall be entitled to require such member to provide a Certificate regarding the Annual Turnover of such member. Each member undertakes to provide such information as the Company may reasonably require for this purpose. The Company shall keep confidential all information provided by each member pursuant to this Article 9 and such information shall be treated as Restricted Information (unless the member supplying such information agrees otherwise) in accordance with the provisions of the Constitution Agreement. In the event that a member fails to provide the information required by the Company pursuant to this Article 9 within 20 Business Days of the date on which it is requested by the Company, the Board shall be entitled to estimate the Annual Turnover of such member (and the breakdown of Annual Turnover amongst the categories of activities respectively set out in Article 8) and (pending receipt of the information from the member) such estimate shall be treated for the purposes of these Articles as the Annual Turnover (or, as the case may be, the breakdown of such Annual Turnover) of that member.

10 The Board shall:

- (a) prior to the end of each Triennial Review Period review a breakdown of the Annual Turnover of each "A" Member, "B" Member and "C" Member; and
- (b) prior to the end of each Annual Review Period review a breakdown of the Annual Turnover of each "D" Member, "E" Member and "F" Member,

for the purpose of determining whether any changes need to be made to the category of membership to which it is then allocated having regard to the Annual Turnover of that member

amongst the categories of activities respectively set out in Article 8 at that time (if appropriate determined by reference to its audited accounts published immediately prior to such review). In the event that a member is not able to provide audited accounts as required by this Article 10 or if those audited accounts do not contain the requisite information, the Board shall be entitled to require such member to provide a Certificate regarding the Annual Turnover of such member. Each member undertakes to provide such information as the Company may reasonably require for this purpose. The Company shall keep confidential all information provided by each member pursuant to this Article 10 and such information shall be treated as Restricted Information (unless the member supplying such information agrees otherwise) in accordance with the provisions of the Constitution Agreement. In the event that a member fails to provide the information required by the Company pursuant to this Article 10 within 20 Business Days of the date on which it is requested by the Company, the Board shall estimate the Annual Turnover of such member (or, as the case may be, the breakdown of such Annual Turnover) and (pending receipt of the information of that member) such estimate shall be treated for the purposes of these Articles as the Annual Turnover (or, as the case may be, the breakdown of such Annual Turnover) of that member. Notwithstanding Article 10(b), the "D" Members, "E" Members and "F" Members shall each be entitled to elect to have the words "Annual Review Period" in Article 10(b) read and construed as if it were a reference to "Triennial Review Period". Such election shall be subject to the consent in writing of the holders of more than one-half of the voting rights of the members falling within the "D" Members, "E" Members or "F" Members (as the case may be) or with the sanction of an ordinary resolution passed at a separate general meeting of the "D" Members, "E" Members or "F" Members (as the case may be).

11 Membership shall cease in the following circumstances:

- (a) if a member (other than a member falling within the scope of Article 7(a), save where such cessation is agreed by the ORR to be in accordance with his duties under section 4 of the Railways Act) gives to the Company not less than 6 months' notice of its intention to cease to be a member of the Company to expire on the accounting reference date of the Company next following, in which case that member shall cease to be a member of the Company on the accounting reference date of the Company next following; or
- (b) subject to Article 12, if a member ceases to fall within any of the descriptions set out in Article 7, in which case that member shall cease to be a member of the Company on the accounting reference date of the Company next following; or
- (c) if a member (other than a member falling within the scope of Article 7(a)) shall default in the payment of any sum due to the Company under any written agreement between the members and the Company and shall fail to remedy such default within 30 days of being required so to do by the Company, in which case that member shall cease to be a member at such time as the Board may in its absolute discretion determine.

12 This Article 12 applies in relation to any member (an "**Affected Member**") which is a Train Operator which operates services for the carriage of passengers by railway in the capacity of a franchise operator under a Franchise Agreement as follows:

- (a) if the Franchise Agreement relevant to an Affected Member is terminated without being replaced and the Affected Member does not continue to operate services for the carriage of passengers by railway, the Affected Member shall (unless otherwise obliged to continue to be a member of the Company under the terms of any licence held by it under section 8 of the Railways Act) cease to be a member when the Train Operator which takes over responsibility for the services previously operated by the Affected Member under the Franchise Agreement:
 - (i) becomes a member of the Company (unless already a member of the Company); and
 - (ii) assumes all the undischarged obligations which would otherwise be owed to the Company by the Affected Member under the Constitution Agreement for the period from the date from which such assumption is effective until the end of the financial

year of the Company then current;

(b) if a Franchise Agreement relevant to an Affected Member is amended so as to exclude some (but not all) of the services previously provided by that Affected Member ("**Excluded Services**"):

- (i) the Affected Member shall continue to be a member;
- (ii) if and to the extent that the Excluded Services are assumed by another (new or existing) member (the "**Successor Member**") in succession to the Affected Member, then the Successor Member shall, in respect of the period from the date on which the Excluded Services are assumed until the end of the financial year of the Company then current, assume (in place of the Affected Member) the Affected Member's obligation to pay part of the levy which the Affected Member would have been obliged to pay to the Company under the Constitution Agreement but for the amendment of the relevant Franchise Agreement to exclude the Excluded Services;
- (iii) the amount of the levy which the Successor Member shall assume an obligation to pay in place of the Affected Member shall be calculated by reference to the following formula:

$$A = B \times \frac{C}{12}$$

Where:

"A" is equal to the amount of the levy to be assumed by the Successor Member;

"B" is equal to the levy payable by the Affected Member for the then current year to the extent that such levy is attributable to turnover in respect of the provision of the Excluded Services; and

"C" is equal to the number of whole unexpired months between the date on which the Successor Member assumes the obligation to pay part of the levy and the end of the financial year of the Company then current; and

- (iv) the Affected Member shall provide the Company with a certificate from its finance director containing a bona fide estimate of the amount of "B" (as referred to in Article 12(b)(iii)) and if the Affected Member fails to provide that certificate within 20 Business Days of the date on which it is requested by the Company, the Board shall be entitled to estimate such amount and (pending receipt of the certificate from the Affected Member) such estimate shall be treated for the purposes of this Agreement as the amount of "B". The Company shall keep confidential all information provided by the Affected Member pursuant to this Article 12(b) and such information shall be treated as Restricted Information (unless the Affected Member agrees otherwise) in accordance with the provisions of the Constitution Agreement;
- (c) if Article 12(a) or Article 12(b) apply in respect of an Affected Member, then until such time as the relevant Successor Member or other Train Operator taking over responsibility for the services previously operated by that Affected Member is able to produce Annual Turnover information dealing with the provision of the services which it takes over for a complete period of one year, the Annual Turnover in respect of that Successor Member or other Train Operator shall, in respect of such period for which its Annual Turnover would not otherwise include the provision of those services be deemed to include an amount (the "**relevant amount**") equal to the Annual Turnover which would have been reported by the Affected Member as being referable to those services and the period in question had the services continued in its operation. If any relevant amount is included in the Annual Turnover of a Successor Member or other Train Operator under this Article

12, it shall be disregarded in calculating the Annual Turnover of the Affected Member which has ceased to operate the services in question. If the relevant Annual Turnover information is not available from the Affected Member in relation to the services being assumed and (where Article 12(b) applies) no apportionment is otherwise agreed between the members concerned, then the relevant amount shall be estimated by the Board following consultation with the members concerned and having regard to the Annual Turnover last reported to the Company by the Affected Member for the purposes of these Articles.

- 13 Nothing in Article 11 shall preclude any member from exercising its rights as a member to vote at any general meeting of the Company for so long as the member continues to be a member of the Company, except that a member shall, from the Trigger Date, not be entitled to vote in respect of any resolution to:
- (a) approve the Company's annual budget for a financial year which will commence after that member will have ceased to be a member of the Company; and/or
 - (b) approve the Railway Group Safety Plan applicable to a financial year of the Company which will commence after that member will have ceased to be a member of the Company.
- 14 Membership shall not be transferable.

GENERAL MEETINGS

- 15 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 16 The Directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than seven weeks after receipt of the requisition. If there are not sufficient Directors to call a general meeting, any Director or member of the Company may call a general meeting. If the Company has only a single member, such member shall be entitled at any time to call a general meeting.
- 17 The provisions of these Articles relating to general meetings of the Company or to the proceedings at general meetings shall apply mutatis mutandis to every class meeting so that:
- (a) on a show of hands, every member of the relevant class who is present in person or by proxy (including a proxy appointed by a corporation) or by a duly authorised representative appointed by a corporation, shall have one vote; and
 - (b) on a poll, the provisions of Article 38(b)(i)-(vi) shall apply, mutatis mutandis, to determine the respective voting rights of members falling within the relevant class.

NOTICE OF GENERAL MEETINGS

- 18 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a Director shall be called by at least 21 clear days' notice. All other extraordinary general meetings shall be called by at least 14 clear days' notice but a general meeting may be called by shorter notice if it is so agreed:
- (a) in the case of an annual general meeting or a meeting called for the passing of an elective resolution, by all the members entitled to attend and vote at it; and
 - (b) in the case of any other meeting, by a majority in numbers of the members having a right

to attend and vote being a majority together holding not less than 95 per cent of the total voting rights exercisable on a poll by the members in respect of the resolutions to be proposed at that general meeting.

- 19 The notice shall specify the time and place of the meeting, the general nature of the business to be transacted and the terms of any resolution to be proposed at it and, in the case of an annual general meeting, shall specify the meeting as such.
- 20 Subject to the provisions of these Articles, the notice of a general meeting shall be given to all members, to the auditors for the time being of the Company and to such representatives as have been appointed to receive such notice on behalf of the HSE, the DfT and the ORR.
- 21 Every Director of the Company and every alternate Director shall be entitled to receive notices of general meetings (at his usual address or such other address as he may notify to the Company) in addition to the persons so entitled under the Statutes.
- 22 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 23 No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member described in Article 8 or a duly authorised representative of a corporation, shall be a quorum. Notwithstanding any other provisions of these Articles, members of the Company shall be entitled to attend general meetings of the Company either in person or by proxy or (if a company) by a duly authorised representative.
- 24 If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Directors may determine. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved.
- 25 The chairman, if any, of the Board or in his absence some other Director nominated by the Directors shall preside as chairman of the meeting, but if neither the chairman or such other Director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
- 26 A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting. Representatives of the ORR, the HSE and the DfT shall, notwithstanding that they are not members of the Company, also be entitled to attend and speak at any general meeting.
- 27 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 28 Subject to the resolutions described in Article 37 which when proposed at a general meeting of the Company shall be decided by a poll, a resolution put to the vote of a meeting shall be decided on a show of hands unless, before, or on the declaration of the result of, the show of

hands, a poll is duly demanded. A poll may be demanded by the chairman or by any member present in person, by proxy or (in the case of a body corporate) by duly authorised representative and entitled to vote.

- 29 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 30 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 31 A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 32 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote.
- 33 A poll demanded on the election of a chairman or on any other question shall be taken forthwith.
- 34 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 35 A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members. A resolution in writing shall be deemed to have been duly executed on behalf of a corporation if signed by one of its directors or its secretary. The Directors shall cause a record of each resolution in writing, and of the signatures to it, to be entered in a book in the same way as minutes of proceedings of a general meeting of the Company and to be signed by a Director or the Secretary of the Company and which has effect as if agreed by the Company in general meeting. However, failure to do so shall not affect the validity of such decision.
- 36 At or before the time a proposed written resolution is supplied to a member for signature, the Directors and the secretary of the Company shall, if the Company has auditors, secure that a copy of the resolution is sent to them, or that they are otherwise notified of its contents.
- 37 Subject to the terms of the Constitution Agreement and any other written agreement between the members of the Company, the power of the Company to transact:
 - (a) any of the matters set out in this Article 37(a) shall be reserved to the members and shall be subject to approval by members holding 80 per cent. or more of the total voting rights exercised on a poll by members in general meeting of the Company who attend and vote in respect of the resolution in question at that general meeting of the Company:
 - (i) adoption of, any material departure from or any material amendment to the strategies for the Company prepared by the Board designed to set out how the Primary Objective and the Principles of Operation will be achieved by the exercise of the Functions;
 - (ii) approval of any amendment to the Code or any revised version of the Code;
 - (iii) approval of the carrying out of activities as contemplated by clauses 2.7 or 2.8 of the Constitution Agreement;

- (b) the adoption of or any material amendment to the Railway Group Safety Plan shall be reserved to the members and shall be subject to approval by members holding 80 per cent. or more of (i) the total voting rights exercised on a poll by members in general meeting of the Company who attend and vote in respect of the resolution in question at that general meeting of the Company and (ii) the total voting rights of the "A" Members, "B" Members, "C" Members and "E" Members (to the extent that the "E" Members also form part of the Railway Group) who attend and vote in respect of the resolution in question at that general meeting of the Company;
- (c) any of the matters set out in this Article 37(c) shall be reserved to the members and shall be subject to approval by members holding 65 per cent. or more of the total voting rights exercised on a poll by members in general meeting of the Company who attend and vote in respect of the resolution in question at that general meeting of the Company:
 - (i) appointment of Directors (other than the First Directors and the Directors appointed pursuant to Articles 58 and 78);
 - (ii) approval of, any material departure from or any material amendment to the Company's annual budget (other than the approval of the First Budget); and
 - (iii) approval of the entry by the Company into any borrowing or other financing facilities.

Nothing in this Article 37 shall preclude the Board from taking any steps which it considers appropriate to put the Company into liquidation or administration.

VOTES OF MEMBERS

- 38 Subject to and without prejudice to any special rights and restrictions for the time being attached to any voting rights held by any member, at any general meeting of the Company:
- (a) on a show of hands, every member who is present in person or by proxy (including a proxy appointed by a corporation) or by a duly authorised representative appointed by a corporation, shall have one vote;
 - (b) subject to Articles 39 and 40, on a poll:
 - (i) the "A" Members shall be entitled to exercise in aggregate 30 per cent. of the total voting rights exercisable by the members of the Company provided that as amongst themselves each "A" Member attending and voting in respect of the resolution in question at a general meeting of the Company shall be entitled to exercise such proportion of the 30 per cent. of the total voting rights as its individual Annual Turnover for its last completed financial year prior to the then current Triennial Review Period (if appropriate, determined by reference to its published audited accounts which are available for that period) bears to the aggregate Annual Turnover of all the "A" Members (calculated on the same basis) who are members and who attend and vote in respect of the resolution in question at that general meeting of the Company;
 - (ii) the "B" Members shall be entitled to exercise in aggregate 10 per cent. of the total voting rights exercisable by the members of the Company provided that as amongst themselves each "B" Member attending and voting in respect of the resolution in question at a general meeting of the Company shall be entitled to exercise such proportion of the 10 per cent. of the total voting rights as its individual Annual Turnover for its last completed financial year prior to the then current Triennial Review Period (if appropriate, determined by reference to its most recently published audited accounts which are available for that period) bears to the aggregate Annual Turnover of all the "B" Members (calculated on the same

basis) who are members and who attend and vote in respect of the resolution in question at that general meeting of the Company;

- (iii) the "C" Members shall be entitled to exercise in aggregate 30 per cent. of the total voting rights exercisable by the members of the Company provided that as amongst themselves each "C" Member attending and voting in respect of the resolution in question at a general meeting of the Company shall be entitled to exercise such proportion of the 30 per cent. of the total voting rights as its individual Annual Turnover for its last completed financial year prior to the then current Triennial Review Period (if appropriate, determined by reference to its most recently published audited accounts which are available for that period) bears to the aggregate Annual Turnover of all the "C" Members (calculated on the same basis) who are members and who attend and vote in respect of the resolution in question at that general meeting of the Company;
 - (iv) the members who are "D" Members shall be entitled to exercise in aggregate 10 per cent. of the total voting rights exercisable by the members of the Company provided that as amongst themselves each "D" Member attending and voting in respect of the resolution in question at a general meeting of the Company shall be entitled to exercise such proportion of the 10 per cent. of the total voting rights as its individual Annual Turnover during its most recently completed financial year (if appropriate, determined by reference to its most recently published audited accounts) bears to the aggregate Annual Turnover of all the "D" Members (calculated on the same basis) who are members and who attend and vote in respect of the resolution in question at that general meeting of the Company;
 - (v) the "E" Members shall be entitled to exercise in aggregate 10 per cent. of the total voting rights exercisable by the members of the Company provided that as amongst themselves each "E" Member attending and voting in respect of the resolution in question at a general meeting of the Company shall be entitled to exercise such proportion of the 10 per cent. of the total voting rights as its individual Annual Turnover during its most recently completed financial year (if appropriate, determined by reference to its most recently published audited accounts) bears to the aggregate Annual Turnover of all the "E" Members (calculated on the same basis) who are members and who attend and vote in respect of the resolution in question at that general meeting of the Company;
 - (vi) the "F" Members shall be entitled to exercise in aggregate 10 per cent. of the total voting rights exercisable by the members of the Company provided that as amongst themselves each "F" Member attending and voting in respect of the resolution in question at a general meeting of the Company shall be entitled to exercise such proportion of the 10 per cent. of the total voting rights as its individual Annual Turnover during its most recently completed financial year (if appropriate, determined by reference to its most recently published audited accounts) bears to the aggregate Annual Turnover of all the "F" Members (calculated on the same basis) who are members and who attend and vote in respect of the resolution in question at that general meeting of the Company.
- (c) If at any time and for whatever reason (including the fact that there are no members within a particular category of members) one or more of the categories of members (being respectively the "A" Members, the "B" Members, the "C" Members, the "D" Members, the "E" Members and the "F" Members) does not exercise its voting rights on a poll, then the percentages respectively set out in Article 38(b)(i)-(vi) shall (for those categories which exercise their voting rights on that poll) be increased in respect of that poll by reference to the following formula:

$$V = \frac{A}{B} \times 100$$

Where:

“V” is equal to the percentage of voting rights (as increased);

“A” is equal to the percentage allocated to the relevant category of members set out in Article 38(b)(i)-(vi); and

“B” is equal to the aggregate of the percentages allocated to all categories of members (as set out in Article 38(b)(i)-(vi)) which exercise their voting rights on that poll.

- (d) Each member undertakes to provide such information as the Company may reasonably require for the purpose of this Article 38. In the event that the member is unable to provide audited accounts as required by this Article 38 or if these audited accounts do not contain the requisite information, the Board shall be entitled to require such member to provide a Certificate regarding the Annual Turnover of such member. The Company shall keep confidential all information provided by each member pursuant to this Article 38 and such information shall be treated as Restricted Information (unless the member supplying such information agrees otherwise) in accordance with the provisions of the Constitution Agreement. In the event that a member fails to provide the information required by the Company pursuant to this Article 38, within 20 Business Days of the date on which it is requested by the Company, the Board shall be entitled to estimate the Annual Turnover of such member and (pending receipt of the information from the member) such estimate shall be treated for the purposes of this Agreement as the Annual Turnover of that member.
- 39 Notwithstanding Article 38, in respect of any resolution proposed at a general meeting of the Company of the type described in Article 37(c)(ii) in respect of a budget of the Company applicable to any period after 31 March 2006, then on a poll each member attending and voting in respect of the resolution in question at the relevant general meeting of the Company shall be entitled to exercise such percentage of the total voting rights exercisable by members of the Company as its individual contribution to the budget (by way of the payment of a levy) at that time (or, in respect of the approval of the first such budget, the individual contribution which that member would be obliged to make (by way of the payment of a levy) if the budget submitted for approval were so approved) bears to the aggregate contribution (by way of the payment of a levy) to the budget of all members attending and voting in respect of the resolution in question at the relevant general meeting of the Company (or, in respect of the approval of the first such budget, the individual contribution (by way of the payment of a levy) which all members would be obliged to make if the budget submitted for approval were so approved).
- 40 Notwithstanding Article 38, in respect of any resolution proposed at a general meeting of the Company to enable a member or members to comply with any provisional or final order made by the ORR under section 55 of the Railways Act, then on a poll:
- (a) the “A” Members and “C” Members shall each be entitled to exercise in aggregate 36 per cent.;
 - (b) the “B” Members and “E” Members shall each be entitled to exercise in aggregate 12 per cent.;
 - (c) the “D” Members and “F” Members shall each be entitled to exercise in aggregate 2 per cent.,
- of the total voting rights exercisable by the members of the Company who attend and vote in respect of the resolution in question at that general meeting of the Company. The provisions of Article 38(b)(i)-(vi) and Article 38(c) shall apply, mutatis mutandis, to determine the respective voting rights of members falling within the relevant class.
- 41 No member shall vote at any general meeting either in person, by proxy or (in the case of a body corporate) by duly authorised representative, unless all moneys (in respect of his capacity

as a member) then due and payable by him to the Company have been paid.

- 42 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 43 On a poll votes may be given either personally or by proxy (including a proxy appointed by a corporation) or by a duly authorised representative of a corporation. A member may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
- 44 An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near to it as circumstances allow or in any other form which is usual or which the Directors may approve) -

“Rail Safety and Standards Board Limited“

I/We, _____, of _____, being a member/members of the above-named company, hereby appoint _____ of _____, or failing him, _____ of _____ as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the company to be held on _____ 20 _____ and at any adjournment of it.

Signed on _____ 20 _____.”

- 45 Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near to it as circumstances allow or in any other form which is usual or which the Directors may approve):

“Rail Safety and Standards Board Limited“

I/We, _____, of _____, being a member/members of the above-named company, hereby appoint _____ of _____, or failing him, _____ of _____, as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the company, to be held on _____ 20 _____ and at any adjournment of it.

This form is to be used in respect of the resolutions mentioned below as follows :

Resolution No 1 *for *against

Resolution No 2 *for *against.

*Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed this _____ day of _____ 20 _____

- 46 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:
- (a) be deposited at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as set

out in Article 46(a) after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the Secretary or to any Director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

- 47 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the Office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

- 48 Unless otherwise determined by ordinary resolution, the number of Directors shall not be less than ten and shall not be more than fifteen, of whom:
 - (a) not more than 3 shall be executive Directors;
 - (b) not more than 5 (or, where any person is appointed to be both a Director and chairman of the Board, 6) nor fewer than 4 (unless otherwise approved by the ORR) shall be Non-Industry Directors; and
 - (c) not more than 6 shall be Industry Directors.

ALTERNATE DIRECTORS

- 49 Any Director (other than an alternate Director) may appoint any other person willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him.
- 50 An alternate Director shall for the duration of his appointment be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present, and shall be deemed to be a Director for the purpose of signing instruments, for signing any resolution in writing of the Directors, and (subject to any limitation contained in his appointment) for all other purposes for the duration of his appointment and shall thereby be responsible for his own acts and defaults to the exclusion of his appointor.
- 51 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements with the Company and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration, except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 52 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.
- 53 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the

Directors and shall be delivered at the Office of the Company.

POWERS OF DIRECTORS

- 54 Subject to the provisions of the Act and Article 37, the Memorandum and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Directors by the Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 55 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

DELEGATION OF DIRECTORS' POWERS

- 56 The Directors may delegate any of their powers to any committee consisting of two or more Directors, provided that the majority of the voting rights of the members of such committee are exercisable by a non-executive Director member or members. Subject to the provisions of this Article 56, any committee shall have power unless the Directors direct otherwise to co-opt as a member or members of the committee any person or persons although not being a Director of the Company. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall (except in respect of its quorum for meetings) be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying. The quorum for the transaction of the business of a committee must include a majority of non-executive directors.

APPOINTMENT, DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 57 Other than the First Directors and Directors appointed pursuant to Articles 58 and 78 and subject to any written agreement between the members of the Company each appointment shall be effected in accordance with Article 37(c)(i).
- 58 Notwithstanding the provisions of Article 37(c)(i) and without prejudice to the powers of the Company under section 303 of the Act to remove a Director by ordinary resolution and subject to the terms of any written agreement between the members, each of the "A" Members, "B" Members, "C" Members, "D" Members, "E" Members and "F" Members shall have the power, from time to time and at any time to appoint and maintain in office any person as an Industry Director and to remove from office any Industry Director respectively nominated by them and appoint another Industry Director in his place. Any such appointment or removal shall be subject to the consent in writing of the holders of more than one-half of the voting rights of the members falling within the "A" Members, "B" Members, "C" Members, "D" Members, "E" Members and/or "F" Members (as the case may be) or with the sanction of an ordinary resolution passed at a separate general meeting of each of the "A" Members, "B" Members, "C" Members, "D" Members, "E" Members and/or "F" Members (as the case may be).
- 59 Not used.

- 60 A Director need not be a member.
- 61 Except in the case of Industry Directors appointed pursuant to Article 58, Directors shall only be removed with the prior approval of the ORR (such approval to be given only after consultation with the HSE and the DfT) or otherwise in accordance with the terms of the Constitution Agreement.
- 62 The Directors shall not be liable to retire by rotation.
- 63 The office of a Director shall be vacated if:
- (a) he is removed from office under Articles 58 or if the fixed term of his appointment (as referred to in Article 65) shall expire and he is not reappointed;
 - (b) he resigns his office by notice to the Company;
 - (c) the Board decides that he is no longer able to be a Director because of mental or physical incapacity or mental disorder;
 - (d) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - (e) he ceases to be a director by virtue of any provision of the Act or is prohibited by law from being a Director;
 - (f) he is an executive director and is dismissed from his office as an executive director;
 - (g) he is convicted of an indictable offence and the members pass a resolution to remove him;
 - (h) he is no longer entitled to continue in office as a Director by reason of the provisions of Article 73; and
 - (i) he was appointed under Article 58 as an Industry Director but there are no longer any members within the class of members which appointed him and the Board decides (at its discretion) that he should cease to be a Director.
- 64 The persons eligible for appointment as Non-Industry Directors must be persons having extensive current knowledge or experience of the management of safety and, unless otherwise agreed by the ORR after consultation with the HSE, must not on the date of appointment as a Director be employed by or be a director of any person falling within any of the categories described in Article 7.
- 65 Each non-executive Director (other than the First Non-Industry Directors) shall be appointed as a director for a fixed term not exceeding three years but shall be capable of being reappointed.
- 66 Notwithstanding any provisions of these Articles, a First Industry Director shall automatically cease to hold office if within six months of the date of the Constitution Agreement no persons falling within the category of members to which the First Industry Director is associated (as set out in schedule 5 of the Constitution Agreement) have become members of the Company.

REMUNERATION OF DIRECTORS

- 67 The Directors shall be entitled to such remuneration as the Board may from time to time determine (on the basis of recommendations received from the Remuneration Committee) and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day provided that the total fees paid to Directors for their services as Directors shall not exceed £600,000 in aggregate in any year or such greater amount as the Members may fix by

ordinary resolution.

DIRECTORS' EXPENSES

- 68 The Directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

- 69 Subject to the provisions of the Act, Article 37(c)(i) and any written agreement between the members of the Company, the Directors may appoint any person to the office of managing Director or to any other executive office under the Company and may enter into an agreement or arrangement with any such person for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, agreement or arrangement may be made upon such terms as the Directors determine and they may remunerate any such person for his services as the Remuneration Committee may think fit.
- 70 Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his at the Board meeting at which the transaction is first considered (or if the Director is not aware of his interest in the transaction, at the first meeting of the Board after he becomes aware of the interest), a Director notwithstanding his office:
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
 - (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- 71 For the purposes of Article 70:
- (a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
 - (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

DISQUALIFYING INTERESTS

- 72 It shall be a condition of the employment of each Relevant Employee and Director of the Company that such person must, prior to commencement of his employment or appointment or

when required by the Board (as the case may be), provide a declaration to the effect that:

- (a) he/she, and to the best of his knowledge and belief his spouse, partner and dependent children, have no Disqualifying Interest (other than a Disqualifying Interest which has been approved by the ORR pursuant to Article 74);
- (b) he/she undertakes to notify his related persons at the time of the declaration that they should not hold a Disqualifying Interest while he is such a Director (other than a Disqualifying Interest which has been approved by the ORR pursuant to Article 74); and
- (c) he/she undertakes to notify the Company if by reason of the facts and circumstances then subsisting he becomes aware that the declaration would (if repeated at any time while he is such a Director) be incorrect.

73 Subject to Article 74, no person shall be appointed as or continue to remain in office as a Director or shall become or continue to be a Relevant Employee if he has a Disqualifying Interest.

74 Notwithstanding Articles 72 or 73, no Relevant Employee or Director shall be treated as having an actual or potential conflict of interest by virtue of any Disqualifying Interest if his appointment, employment or continued holding of office has been approved in advance by the ORR (such approval to be given only after consultation with the HSE and the DfT).

PROCEEDINGS OF DIRECTORS

75 Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

76 Notice of a meeting of the Board (together with the accompanying agenda for such meeting) shall be given to all Directors and to such representatives as have been appointed to receive such notice on behalf of the HSE, the DfT and the ORR and such representatives are, notwithstanding that they are not Directors of the Board, entitled to attend and speak at any meeting of the Board.

77 Subject to the terms of the Constitution Agreement, the quorum for the transaction of the business of the Directors shall be seven, including at least four non-executive Directors at least one of whom shall be a Non-Industry Director. A person who holds office only as an alternate Director shall, if his appointor is not present, be counted in the quorum.

78 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of calling a general meeting. The Directors shall have power at any time, and from time to time, to appoint any person to be a Director either to fill a casual vacancy or as an addition to the Directors, provided that the total number of Directors shall not at any time exceed the number set out at Article 48. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

79 Subject to any written agreement between the members of the Company, the Directors may appoint one of their number to be the chairman of the board of Directors from among the non-executive Directors and may at any time remove him from that office. Unless he is unwilling to do so, the Director so appointed shall preside at every meeting of Directors at which he is present. But if there is no Director holding that office, or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the

Directors present may appoint one of their number to be chairman of the meeting.

- 80 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.
- 81 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors; but a resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity.
- 82 For a signed resolution in writing to be effective it shall not be necessary for it to be signed by a Director who is prohibited by the Articles or by law from voting on it.
- 83 A Director may not vote on any matter in which he is treated as having a conflict of interest but may be included for the purpose of a quorum at any meeting at which the same is considered and he may retain for his own benefit all profits and advantages accruing to him.
- 84 A Director who is directly interested in or otherwise directly involved in a matter which is subject to a referral to the Board pursuant to the Code shall not take part in any review of such matter and shall not be entitled to vote in respect of such matter.
- 85 The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a meeting of Directors or of a committee of Directors.
- 86 If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.

COMMITTEES

- 87 The Board shall appoint and maintain the Audit Committee, the Remuneration Committee and the Appointments Committee. The Audit Committee, Remuneration Committee and Appointments Committee shall each consist solely of non-executive Directors and shall consist of not less than three non-executive Directors. The Appointments Committee shall include not less than two Non-Industry Directors. The Remuneration Committee shall include a majority in number of Non-Industry Directors.
- 88 The Audit Committee shall review the accounting policies and procedures of the Company, its internal financial control systems and its compliance with statutory requirements and shall consider any matter raised by the Company's external and internal auditors.
- 89 The Remuneration Committee shall consider and make recommendations to the Board on the remuneration of all executive Directors of the Company and all senior employees of the Company who are not Directors and whose annual base salary (excluding employer pension contributions, bonuses, travel expenses, car allowances and other benefits in kind) is in excess of £100,000 per annum or such higher amount as may be proposed by the Appointments Committee and approved by the Board from time to time.
- 90 The Appointments Committee shall consider and make recommendations to the Board on the appointment of all Directors of the Company (other than those appointed pursuant to Articles 57 and 58) and all senior employees of the Company who will not be Directors and whose annual

base salary (excluding employer pension contributions, bonuses, travel expenses, car allowances and other benefits in kind) will be in excess of £55,000 per annum or such higher amount as may be proposed by the Appointments Committee and approved by the Board from time to time.

SECRETARY

- 91 Subject to the provisions of the Act, the Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them.

MINUTES

- 92 The Directors shall cause minutes to be made in books kept for the purpose:
- (a) of all appointments of officers made by the Director; and
 - (b) of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting.

THE SEAL

- 93 If the Company has a common seal, it shall only be used with the authority of the Director or a committee of the Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the Secretary or second Director.
- 94 If the Company has a common seal, the Company may also have an official seal for use abroad under the provisions of the Act, where and as the Directors shall determine, and the Company may by writing under the common seal appoint any agents or agent, committees or committee abroad to be the duly authorised agents of the Company, for the purpose of affixing and using such official seal, and may impose such restrictions on its use as may be thought fit.

DIVIDENDS

- 95 The payment of dividends to members is prohibited.
- 96 The profits (if any) or other income of the Company are to be applied in promoting its objects as set out in the Company's Memorandum of Association.

ACCOUNTS

- 97 No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the Directors or by ordinary resolution of the Company.

NOTICES

- 98 Any notice required by these Articles to be given by the Company may be given by any visible form on paper, including facsimile and electronic mail, and a notice communicated by such forms of immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed.
- 99 A member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 100 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be

conclusive evidence that the notice was given.

- 101 A notice sent by first class post shall be deemed, unless the contrary is proved, if sent to an address within the United Kingdom, to have been given three Business Days after the envelope containing it was posted and if sent to an address outside the United Kingdom by air mail six Business Days after the envelope containing it was posted. A notice sent by fax shall be deemed received on completion of its transmission and by electronic mail, on delivery of the electronic mail.

MEETINGS BY TELEPHONE

- 102 Any meeting, whether of the members of the Company, the Directors or a committee of the Directors, may with the consent of all those participating, be held by means of conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting.

WINDING UP

- 103 If on the winding up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid or distributed among the members of the Company, but shall be given or transferred to a body chosen by the members of the Company at or before the time of the winding up or dissolution having objects similar to its own or to another body the objects of which are the promotion of charity and anything incidental or conducive to it.

INDEMNITY

- 104 Subject to the provisions of, and so far as may be consistent with, the Statutes, but without prejudice to any indemnity to which a Director may be otherwise entitled, every Director, auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs charges losses expenses and liabilities incurred by him in the execution and/or discharge of his duties and/or the exercise of his powers and/or otherwise in relation to or in connection with his duties powers or office including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court.

INSURANCE

- 105 The Board or any committee authorised by the Board can take out and renew insurance which is for, or which benefits any people who are, or were, at any time directors, officers, employees or auditors of the Company. The Board must comply with the provisions of the Act relating to insurance. This Article does not affect the Company's power to indemnify its officers as set out in Article 104.
- 106 The insurance which the Board can buy or renew under Article 105 can be for any purpose. This can include, for example, insurance against any liability incurred by any person mentioned in Article 105:
- (a) as a result of anything they do, or do not do, in carrying out or trying to carry out their duties, or using or trying to use their powers in relation to the Company; or
 - (b) in any other way in connection with their duties, powers, or positions in relation to the Company.