



CERTIFICATE OF INCORPORATION ON CHANGE OF NAME

Company No. **8615172**

The Registrar of Companies for England and Wales hereby certifies that
under the Companies Act 2006:

CAPITA (BDRS) LIMITED

a company incorporated as private limited by shares; having its registered
office situated in England/Wales; has changed its name to:

RE (REGIONAL ENTERPRISE) LIMITED

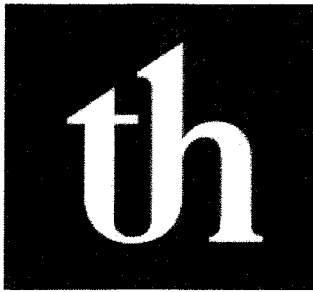
Given at Companies House on **20th September 2013**



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**



Dated 5th August 2013

Capita Symonds Limited

and

Barnet (Holdings) Limited

Joint Venture Agreement

Capita (BDRS) Limited

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Shareholders' agreement

dated 5th August 2013

Parties

- (1) **Capita Symonds Limited** a company incorporated and registered in England and Wales with registered number 02018542 whose registered office is at 71 Victoria Street, Westminster, London, SW1H 0XA (**CSL**); and
- (2) **Barnet (Holdings) Limited** a company incorporated and registered in England and Wales with registered number 8632530 whose registered office is at North London Business Park, Oakleigh Road South, London, N11 1NP (**Newco**); and
- (3) **Capita (BDRS) Limited** a company incorporated and registered in England and Wales with registered number 8615172 whose registered office is at 17 Rochester Row, London, SW1P 1QT (the **Company**).

Introduction

- (A) The Company was incorporated under the Companies Act 2006 on 18 July 2013 as a private company limited by shares. At the date of this Agreement the Company has one share in issue which is owned by CSL.
- (B) Newco is a wholly owned company of the London Borough of Barnet, which has been set up to enable it to participate in this joint venture agreement under its general powers of competence in section 1 of the Localism Act 2011.
- (C) This Agreement sets out the terms and conditions on which Newco and CSL have agreed to establish and carry on the joint venture through the Company and sets out their respective rights and obligations as its shareholders.
- (D) Newco shall use reasonable endeavours to promote and support the business development of the Company including the provision of reasonable quantities of the Authority's officers time to assist the Company in gaining access to a wider network of expertise, experience and contacts and to use discretion when considering opportunities for development work that may assist in the growth of the Company.

Agreed terms

1 Interpretation

1.1 In this Agreement:

Actual Profit means profit certified by the Company's auditors in accordance with clause 25.1 of this Agreement;

A Director means a director appointed by CSL pursuant to clause 6.2;

Annual Accounts Date means the accounting reference date of the Company from time to time;

A Shares means the "A" Ordinary Shares of £1 each in the capital of the Company;

Associate means, in relation to any party to this Agreement, any person, firm or company which is a connected person (as defined in Section 1122 of the Corporation Tax Act 2010) of such party or which is an associated company of such party within the meaning of Section 449 of the Corporation Tax Act 2010;

Authority means the London Borough of Barnet;

B Director means a director appointed by Newco pursuant to clause 6.3;

Board of Directors means the board of directors of the Company;

Board Meeting means a meeting of the Board of Directors;

B Shares means the "B" Ordinary Shares of £1 each in the capital of the Company;

Business means the businesses of the Company described in clause 4 and such other business as the Shareholders may agree from time to time in writing should be carried on by the Company;

Business Day means a day other than a Saturday or Sunday or public holiday in England and Wales;

Business Plan means the business plan for the Company in the agreed form and any subsequent business plan agreed by the Board of Directors in accordance with clause 4.3 and applicable from time to time;

Change of Control means in relation to any Shareholder being a body corporate such Shareholder ceasing to be controlled (as defined by section 1124 of the Corporation Tax Act 2010) by the person(s) who controlled that Shareholder on the date of this Agreement;

Commercial Development Plan means the development plan which forms Schedule 37 of the DRS Contract;

Commercially Sensitive Information means any information that is agreed by the parties from time to time during the term of this Agreement as being commercially sensitive;

Competing Arrangement means a contract for services opportunity which is identified in Schedule 3;

Completion means completion of the allotment and issue of A Shares and B Shares in accordance with clause 2;

Deed of Adherence means a deed of adherence in substantially the same form as set out in schedule 1;

Director means any director for the time being of the Company, including where applicable any alternate director;

DRS Contract means the development and regulatory services contract to be entered into between the Authority and the Company;

Group means in relation to a company that company and any company which is a holding company of that company or a subsidiary of that company or of such holding company (as

defined in section 1159 Companies Act 2006); and the expression Group Member shall be construed accordingly;

Managed Service Agreement means the agreement between the Company and CSL for the provision of management services from CSL to the Company, referred to as the Service Level Agreement in the DRS Contract;

Management Accounts Date means 31 March, 30 June, 30 September and 31 December in each year;

New Articles means the new articles of association of the Company to be adopted at Completion, which are substantially in the form set out in schedule 2 (with such changes as the parties may agree);

Opportunity Assessment Process means the process described in Schedule 5;

Procurement Process means a process where a contracting authority (as defined in the Public Contracts Regulations 2006 (the **Regulations**)) initiates a procurement or commissioning exercise and is required to comply with the obligations set out in the Regulations in relation to (1) any contract advertised in the Official Journal of the European Communities (OJEU) and/or (2) a non-qualifying contract whether or not advertised in accordance with the Regulations;

Relevant Area means that area as set out in clause 18.5.1 and Schedule 4;

Relevant Proportion means in relation to a party (or any member of its Group) that proportion which the nominal value of the Shares in the Company beneficially owned by that party bears to the aggregate nominal value of the entire issued share capital of the Company;

Security Interest means any mortgage, charge, pledge, lien, hypothecation, assignment by way of security, guarantee, indemnity, debenture, declaration of trust, right of set off or combination of accounts or any other type of preferential arrangement (including without limitation, a title transfer and retention of title) or any encumbrance or security interest whatsoever, howsoever arising and whether monetary or not;

Shareholders means CSL and Newco and/or any person to whom they may properly transfer any Shares in accordance with this Agreement;

Shares means the A Shares and the B Shares;

Subsidiary Undertaking means a subsidiary undertaking as defined in section 1162 of the Companies Act 2006;

Transaction Documents means the DRS Contract, this Agreement and the Managed Service Agreement.

- 1.1 Any reference to a statute or statutory provision is a reference to it as it is in force from time to time, taking account of any change, extension, consolidation or re-enactment and includes any subordinate legislation for the time being in force made under it.
- 1.2 Clause headings in this Agreement are for convenience only and do not affect the construction of any provision.

- 1.4 References to any gender shall include the other genders and references to the singular shall include the plural and vice versa.
- 1.5 Any reference to a person (which for the purposes of this Agreement shall include a firm, unincorporated association, body corporate, government, state or agency of state, any association or partnership or joint venture, (whether or not having a separate legal personality)) shall include its successors in title.
- 1.6 In this Agreement all obligations and liabilities on the part of the Shareholders are (unless expressly stated otherwise) several and shall be construed accordingly.
- 1.7 Any reference to a document "in the agreed form" shall be a reference to that document in the form agreed and initialled by or on behalf of each of the Shareholders for the purpose of identification.
- 1.8 Any reference to an English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include a reference to the term or concept which most nearly corresponds to the English legal term in that jurisdiction.

2 Completion

- 2.1 Completion shall take place immediately following execution of this Agreement, when the parties shall procure that meetings of the Company and the Board of Directors are held as may be necessary to:
- 2.1.1 convert the existing issued share into an A Share;
 - 2.1.2 adopt the New Articles;
 - 2.1.3 appoint Richard Marchant, Dan Greenspan and Capita Corporate Director Limited (Company number 5641516) as A Directors;
 - 2.1.4 appoint Richard Cornelius and Andrew Travers as B Directors;
 - 2.1.5 appoint Richard Cornelius as Chairman of the Company;
 - 2.1.6 appoint KPMG LLP as the auditors of the Company;
 - 2.1.7 appoint Barclays Bank PLC as the bankers to the Company; and
 - 2.1.8 resolve that the Company's financial year shall end on 31 March in each year.
 - 2.1.9 appoint Capita Group Secretary Ltd (Company number 02376959) as Company Secretary
- 2.2 At Completion:
- 2.2.1 CSL shall subscribe for 50 A Shares fully paid at par, payment for which shall be in cleared funds for the account of the Company;

- 2.2.2 Newco shall subscribe for 49 B Shares fully paid at par, payment for which shall be in cleared funds for the account of the Company;
- 2.2.3 the Company shall allot 50 A Shares to CSL and 49 B Shares to Newco;
- 2.2.4 the Company shall enter CSL and Newco in the register of members of the Company as the respective holders of the Shares subscribed by them and shall deliver to each of CSL and Newco an executed share certificate for those Shares; and
- 2.2.5 the relevant parties shall execute the Transaction Documents in the agreed form *save for the Managed Service Agreement.*

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3 Warranties

3.1 CSL warrants and represents to Newco that:

- 3.1.1 as at the date of this Agreement the Company has not traded and has no assets, contracts or employees or indebtedness or any other liabilities, whether actual or contingent, quantified or unquantified, disputed or undisputed or otherwise;
- 3.1.2 it has the full power and authority to execute, perform and observe this Agreement and each document in the agreed form to be executed by it;
- 3.1.3 it has obtained all necessary governing body and shareholder approvals and all other necessary governmental and other consents, approvals and registrations to authorise the execution, performance and observance of this Agreement and each document in the agreed form;
- 3.1.4 the execution, performance and observance by it of this Agreement and each document to be executed hereunder will not result in any breach of its memorandum and articles of association, or any provision contained in any agreement or instrument to which it or any member of its Group is a party or by which such company is bound or any law, rule, regulation, judgement, decree or order applicable to it; and
- 3.1.5 this Agreement and each document in the agreed form will when executed constitute legally valid and binding obligations on such Shareholder, enforceable in accordance with their respective terms.

3.2 CSL acknowledges that Newco is entering into this Agreement in reliance upon each of the warranties.

4 The Business of the Company

4.1 The Shareholders acknowledge and agree that unless and until they agree otherwise, the main business of the Company shall be the delivery of the services pursuant to the DRS Contract, the development of new business opportunities and the exploitation of the intellectual property rights held by the Company subject always to the provisions of clause 8 and to the Business Plan which shall be substantially in the format of the proforma Business Plan set out at Schedule 7.

4.2 The Business Plan shall identify and set out the annual aspirational financial growth targets for the Company and such targets shall recognise the aspirational growth levels of the Financial Proforma to the DRS Contract.

4.3



4.4 The Business shall be carried on in accordance with the current Business Plan on sound commercial profit-making principles so as to generate the maximum achievable maintainable profits available for distribution. The Shareholders agree that the Company will adopt and pursue policies and practices with the aim of upholding each of their reputations and achieving the highest standards of service, conduct and quality at all times.

4.5 The Business Plan shall be resolved upon by the Board of Directors and approved by the Shareholders in accordance with clause 8.1.18 and replaced on a rolling basis annually in respect of the coming financial year and the next three financial years and superseded or modified from time to time.

4.6 The purpose of the Business Plan is to set out the proposed means by which, in the period covered by the plan, the Company will carry on the Business. For the avoidance of doubt, the Business Plan cannot override or prevent the Company from fulfilling its obligations in the DRS Contract.

4.7 Subject to the provisions of this Agreement, the Shareholders understand and agree that the Company shall use all reasonable and proper means to maintain, improve and extend the Business.

5 **Conduct of the Company's affairs**

5.1 Each Shareholder shall take all such steps and do all such acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it, in relation to the Company so as to procure (insofar as it is able to do so by the exercise of those rights and powers) that at all times during the term of this Agreement:

5.1.1 the Company is managed in accordance with the objectives and provisions of this Agreement;

5.1.2 the Company performs and complies with all obligations on its part under this Agreement and the New Articles; and

5.1.3 no Director or alternate director nor any other person shall have any authority to bind the Company in any way nor to act on its behalf nor to execute or sign any document or instrument on behalf of the Company unless expressly authorised by the Board of Directors.

5.2 Each Shareholder shall co-operate with the other Shareholder and execute and deliver to the other such other instruments and documents and take such other actions as may be reasonably requested from time to time in order to carry out, effect and implement their respective rights and obligations under, and the rights of each other party to, this Agreement and take all such other actions as are necessary to implement and give commercial efficacy to the terms and the intended purpose of this Agreement.

5.3 The Shareholders shall procure that unless and until otherwise agreed in writing by each of the Shareholders the profits of the Company for distribution according to the audited accounts for any financial period shall be distributed in accordance with clause 25 and Schedule 6.

6 The Board of Directors

6.1 The Board of Directors shall consist of not more than 7 Directors (including the Chairman of the Company).

6.2 CSL shall be entitled to appoint up to 4 persons as Directors. Any person so appointed by CSL shall be designated as an A Director. CSL shall be entitled at any time and for any reason to remove and replace any A Director appointed pursuant to this clause. A Directors shall only be appointed and removed by CSL.

6.3 Newco shall be entitled to appoint 2 persons as Directors. Any person so appointed by Newco shall be designated as a B Director. The B Directors shall only be appointed and removed by Newco.

6.4 Newco shall have the right to appoint an independent person as a Director and the Chairman of the Company in consultation with CSL who shall propose a non-exclusive list of suitable candidates to assist Newco in such appointment. Newco is entitled to appoint any independent person (whether originating from the non-exclusive list or not) as a Director and Chairman of the Company notwithstanding the obligation to consult with CSL. Notwithstanding these provisions, the first Chairman shall be the person referred to in clause 2.1.5 who shall remain as Chairman until resolved otherwise in accordance with this clause. The Chairman shall not have a casting vote.

6.5 Any appointments or removal of Directors pursuant to clauses 6.2 and 6.3 and 6.4 shall be made by notice in writing to the Company at its registered office to take effect as indicated in the relevant notice. Upon receipt of any such notice, the Company shall send a copy of such notice to the other Shareholder.

6.6 Board Meetings shall be held no less than 4 times in every year and at not more than three monthly intervals. All Board Meetings shall be held in the London Borough of Barnet.

6.7 Unless otherwise agreed by all the Directors, not less than 5 Business Days' notice shall be given to each of the Directors of all Board Meetings. The notice convening a Board Meeting shall include an agenda specifying in reasonable detail the matters to be discussed, together with any relevant papers for discussion at such meeting.

6.8 The quorum for the transaction of business at meetings of the Directors shall be two, comprising at least one A Director and one B Director.

- 6.9 If, at the appointed time for any meeting of the Board of Directors or a committee of the Board of Directors, a quorum is not present within 30 minutes of the appointed time such meeting will be adjourned until the same time and venue five Business Days later. If at such later meeting a quorum is not present within 30 minutes of the appointed time any 2 Directors present will be entitled to proceed with the meeting as if a quorum were present and the proceedings of such meeting will not be called into question for want of a quorum being present.
- 6.10 In addition to the power of Newco to appoint the B Directors, the Authority shall have the right to send up to 3 representatives to attend and speak at Board Meetings. For the avoidance of doubt, such representatives shall not have the right to vote at Board Meetings.
- 6.11 Any Director shall be entitled to report back to the Shareholder appointing him such information relating to the Company that may come into his possession as a Director as may be necessary for such Shareholder to monitor its investment in the Company but a Shareholder shall not use such information to the detriment of the Company (unless it is under a legal or regulatory obligation to do so).
- 6.12 The Board of Directors will appoint a Chief Executive on such terms as it may think fit and the Chief Executive will:
- 6.12.1 not less than 60 days prior to the beginning of each financial period of the Company cause to be prepared and delivered to the Shareholders a Business Plan and obtain the Shareholders approval thereto making such changes to such Business Plan as may be necessary for obtaining such approval. For the purpose of this clause 6.12.1 "Shareholders approval" shall mean approval by all the Shareholders;
 - 6.12.2 be responsible for the day to day management of the Business of the Company within the terms of the Business Plan approved by the Board of Directors;
 - 6.12.3 perform such duties as may be delegated to him or her by the Board of Directors;
 - 6.12.4 report to the Board of Directors with such frequency and in such manner as may be required by the Board of Directors; and
 - 6.12.5 comply with all decisions and directions of the Board of Directors.

7 Finance for the Company

- 7.1 The Company shall be financed initially by the proceeds of the share subscriptions referred to in clause 2.
- 7.2 CSL shall provide or procure all funding required by the Company on an arm's length basis for working capital purposes and to enable the Company to perform the Services and undertaken the Business in accordance with the Business Plan. Such funding will be on terms to be agreed between CSL and the Company provided always that such terms shall be no less favourable to the Company than normal market terms.

7.3 Without prejudice to the generality of clause 7.2, Newco shall not be obliged to provide or procure any funding for the Company or to subscribe for any shares (except as set out in clause 2.2.2) nor shall it be obliged to give any guarantee or indemnity in respect of any obligation or liability of the Company.

7.4 Nothing in this clause 7 shall:

7.4.1 affect the obligations of CSL to provide a parent company guarantee and such other security as is required by the terms of the DRS Contract; or

7.4.2 create any obligation on the part of CSL which is capable of enforcement by the Company.

8 **Matters requiring the consent of each of the Shareholders**

8.1 Each Shareholder shall take all such steps and do all such acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it in relation to the Company, so as to procure (insofar as it is able to do so by the exercise of those rights and powers) that at all times during the term of this Agreement no action shall be taken or resolution passed by the Company or any Group Member in relation to the Company in respect of any of the following matters except with the prior written consent of each of CSL and Newco:

8.1.1 vary in any respect its articles of association or the rights attaching to any of its shares; or

8.1.2 permit the registration (upon subscription or transfer) of any person as a member of the Company other than the parties in respect of their initial investment and/or any permitted transferees; or

8.1.3 increase the amount of its issued share capital except as provided in this agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital; or

8.1.4 issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital; or

8.1.5 make any borrowing other than from its bankers in the ordinary and usual course of business and it shall ensure that its banking facilities do not enable it to have more than £1,000,000 in aggregate borrowed at any one time; or

8.1.6 apply for the listing or trading of any shares or debt securities on any stock exchange or market; or

8.1.7 pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent); or

8.1.8 engage in any business other than as contemplated by the Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business; or

- 8.1.9 form any Subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not); or
- 8.1.10 close down any business operation or dispose of or dilute its interest in any of its Subsidiaries for the time being; or
- 8.1.11 amalgamate or merge with any other company or business undertaking; or
- 8.1.12 alter its name or registered office; or
- 8.1.13 enter into any transaction or arrangement of any nature whatsoever with any of the Company's members or directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its members or directors whether or not any other person shall be party to such transaction or arrangement; or
- 8.1.14 enter into any commitment by way of a transaction or series of related transactions (including without limitation any leasing transaction) with any Group Member which would involve the Company in the payment or receipt of consideration having an aggregate value in excess of £100,000 (one hundred thousand pounds) which has not otherwise been specifically referred to in any approved Business Plan; or
- 8.1.14A enter into any commitment by way of a transaction or series of related transactions (including without limitation any leasing transaction) which would involve the Company in the payment or receipt of consideration having an aggregate value in excess of £500,000 (five hundred thousand pounds) which has not otherwise been specifically referred to in any approved Business Plan;
- 8.1.15 enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or
- 8.1.16 give notice of termination of any arrangements, contracts or transactions outside of the ordinary course of business, or materially vary any such arrangements, contracts or transactions; or
- 8.1.17 without prejudice to any other provision of this clause:
 - (a) enter into, as lessor or as lessee, any operating lease (as defined in Statement of Standard Accounting Practice 21) for a duration exceeding five years or involving aggregate premium and annual rental payments in excess of £50,000 (fifty thousand pounds); or
 - (b) grant any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company; or
 - (c) create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares; or
- 8.1.18 adopt or amend its annual Business Plan, or enter into any contract or commitment not provided for in the Business Plan under which it may incur

costs in excess of £50,000 (fifty thousand pounds), or which may not be fulfilled or completed within the period of one year; or

8.1.19 change either:

- (a) its auditors; or
- (b) its financial year end; or
- (c) make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its audited accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom; or

8.1.20 declare or pay any dividend that exceeds in any year 100% of its post-tax distributable profits as shown by the audited accounts for that year, or make any other distribution (by way of capitalisation, repayment or in any other manner) out of its distributable profits or any of its reserves; or

8.1.21 make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity; or

8.1.22 give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person; or

8.1.23 factor or assign any of the book debts of the Company; or

8.1.24 establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees except for employed directors where any bonus scheme cannot exceed 50% in value of the base salary and for other selected employees where any bonus scheme cannot exceed 30% of the base salary (in either case when taking base salary and bonus together not to exceed the figure in clause 8.1.27); or

8.1.25 establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family; or

8.1.26 dismiss any director, officer or employee in circumstances in which it incurs or agrees to bear redundancy or other costs in excess of £150,000 (one hundred and fifty thousand pounds) in total; or

8.1.27 agree to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any employee, officer or consultant to the Company in excess of £200,000 (two hundred thousand pounds); or

- 8.1.28 institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business) instituted or threatened against the Company or submit to arbitration or alternative dispute resolution any dispute involving the Company; or
- 8.1.29 make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent exceeding £100,000 (one hundred thousand pounds) for tax purposes in relation to the Company or its business and which could be interpreted (in the sole opinion of any shareholder) as a tax avoidance scheme; or
- 8.1.30 make any political or charitable donations or grant any sponsorship of any political or charitable organisation; or
- 8.1.31 agree not to pursue a bid for or to enter a contract for services under clause 18.4 of this Agreement.
- 8.2 Each of the shareholders and the Company shall procure that no Subsidiary takes any action which would constitute a breach of any of the above provisions as if any reference in this clause (express or implied) to the Company were construed as a reference to each Subsidiary for the time being.
- 8.3 The agreement of Newco to any of the matters referred to in clause 8.1 shall be evidenced by the signature of Newco (or its authorised signatory) on the resolution approving the matter in question.
- 8.4 Each Shareholder undertakes to the other Shareholder that it will notify the other Shareholder (immediately following receipt of such offer or approach by it) of details of any written offer or informal approach from any third party for the whole or any part of the issued share capital of the Company (or for the whole or a substantial part of the undertaking or assets of the Company or any Subsidiary Undertaking of the Company). No negotiations with regard to the sale of the whole or any part of the issued share capital of the Company (or for the whole or a substantial part of the undertaking or assets of the Company or any Subsidiary Undertaking of the Company) shall be conducted without the prior written consent of each of the Shareholders.
- 8.5 Newco agrees that it shall determine whether it consents to a matter under clause 8.1.31 of this clause as soon as reasonably possible and in any event within 5 Business Days.
- 9 **Deadlock**
- 9.1 A deadlock will occur if one of the Shareholders fails to give its consent in respect of one of the matters set out in clause 8 within 15 Business Days (or in the case of clause 8.1.31 within 5 Business Days) of receiving a request to do so.
- 9.2 Any Shareholder may within 15 Business Days of the event that has given rise to the deadlock serve notice (a **Deadlock Notice**) on the other Shareholder stating that in its opinion a deadlock has occurred and identifying the matter over which the Shareholders are deadlocked.
- 9.3 The Shareholders undertake that following service of the Deadlock Notice they shall forthwith refer the matter which has given rise to the deadlock to the Chief Executive or

managing director (as the case may be) of the A Shareholder and the Director of Finance of the Authority and shall each use all reasonable endeavours to resolve the dispute.

- 9.4 If the Shareholders are unable to resolve the deadlock within 15 Business Days from the date of the Deadlock Notice then the Shareholders will attempt to settle it by mediation in accordance with the Centre for Dispute Resolution (CEDR) Model Mediation Procedure. The Shareholders shall select a mediator from one of the CPR Panels of Distinguished Neutrals and, in the absence of any agreed selection within ten Business Days of notice requiring agreement being served by any Shareholder on the other, any Shareholder shall be entitled to notify CPR to initiate a selection process.
- 9.5 If the dispute is not resolved within 15 Business Days of reference to the mediator referred to in clause 9.4 then Newco shall have the right by notice in writing served on CSL to require CSL to acquire all of the B Shares (the **Put Option**) in accordance with clause 9.6 but in the absence of exercise of such right within 30 Business Days of the right having first arisen, Newco shall be deemed to have given its consent to the matter referred to in clause 9.1 for the following clauses: 8.1.5, 8.1.14, 8.1.14A, 8.1.16, 8.1.17(a), 8.1.19(a), 8.1.19(c), 8.1.23 and 8.1.28 save that in no circumstances shall consent be deemed where in Newco's reasonable opinion the resolution or action proposed would result in adverse reputational or political consequences;
- 9.6 The value attributable to the B Shares pursuant to the exercise of the Put Option shall (unless the same is agreed by Newco and CSL within 10 Business Days of the service of the Put Option) be determined by an independent firm of chartered accountants. The identity of the independent firm of chartered accountants shall be agreed upon by the Shareholders or (in default of agreement within 15 Business Days of the service of the Put Option) selected at the request of either Shareholder by the President from time to time of the Institute of Chartered Accountants in England and Wales. Such independent firm of chartered accountants will act as experts and not as arbitrators and their decision shall be final and binding, save in the case of manifest error. Such independent firm shall determine the value attributable to the B Shares on the basis:
- 9.6.1 of the sale of the B Shares taking place between a willing vendor and a willing purchaser on an arm's length basis with no discount applied for the fact that the B Shares represent a minority interest in the Company;
 - 9.6.2 of the Company being valued as a going concern as at the date of the notice of the Put Option (having regard to all of the contractual arrangements to which the Company is a party); and
 - 9.6.3 having regard to the provisions of clause 16.8.
- 9.7 The costs of such independent firm shall be payable as they direct and they shall notify on the same day each of CSL and Newco in writing of the valuation of the B Shares.
- 9.8 In no circumstances shall the Shareholders create or permit to subsist or, insofar as it is able to influence the same, permit to be created or subsist, an **Artificial Deadlock**. For the purpose of this clause 9.6 an Artificial Deadlock shall be a deadlock caused:
- 9.8.1 by CSL requesting consent from Newco to a matter referred to in clause 8.1 otherwise than in the bona fide commercial interests of the Company or,

- 9.8.2 by Newco without good reason, failing to consent to an issue or proposal set out in clause 8.1 in any case where the approval of the same is required to enable the Company to carry on its business properly and efficiently and which does not cause Newco or the Authority to incur any additional liabilities, nor diminish or otherwise adversely affect its interests in the Company nor adversely and materially affect the Business of the Company.

An Artificial Deadlock shall be deemed not to be a deadlock pursuant to clause 9.1.

10 Production of accounts

- 10.1 The Company shall produce a balance sheet of the Company as at each Management Accounts Date and a profit and loss account of the Company for the 3 month financial period ending on each Management Accounts Date, to be presented to the Shareholders within four weeks after the end of the period to which such accounts relate.
- 10.2 The Company shall instruct its auditors to prepare and audit a balance sheet of the Company as at the Annual Accounts Date each year and a profit and loss account of the Company for the 12 month financial period ending on the Annual Accounts Date each year to be presented to the Shareholders within 3 calendar months after the end of the period to which such accounts relate.
- 10.3 The Company will provide to the Shareholders full details of any actual or prospective material change in the Business or the financial position or affairs of the Company as soon as such details are available.
- 10.4 All accounts referred to in this clause shall be prepared in pounds sterling and in accordance with applicable law and generally accepted accounting standards, principles and practices in the United Kingdom.
- 10.5 CSL shall notify Newco of any material shortfall that is deemed (1) financially significant; and/or (2) a non-financial objective that will prevent the Company from achieving its aspirational growth commitments that form part of the Business Plan (as referred to Clause 4.2) on a quarterly basis.

11 Rights to information

- 11.1 The Company shall permit any Director designated by a Shareholder in writing, at the requesting Shareholder's expense, to discuss the affairs, finances and accounts of the Company and its subsidiaries with that Shareholder's officers and other principal executives at any time. All books, records, accounts and documents relating to the business and the affairs of the Company and its subsidiaries shall be open to the inspection of any such person, who shall be entitled to make any copies thereof as the requesting Shareholder deems appropriate to keep it properly informed about the business and affairs of the Company or to protect its interests as a Shareholder. Any information secured as a consequence of such discussions and examinations shall be kept strictly confidential by the requesting Shareholder.
- 11.2 Each Shareholder shall keep or cause to be kept full and proper books of account of its dealings with the Company and with other persons in relation to the matters covered by the Transaction Documents and the entries made therein shall be kept up-to-date at all

times and shall include all such matters and things which are usually entered in books of account kept by persons or companies engaged in concerns of a similar nature.

- 11.3 Each Shareholder agrees that the books of account to be kept pursuant to clause 11.2 and all vouchers, receipts, invoices and other documentation relating thereto shall be open to inspection by the other Shareholder or any persons appointed to act on behalf of the other Shareholder at any reasonable time and the other Shareholder shall be entitled to ask for a copy of the same which (subject to the prior payment of reasonable copying and administrative charges) shall be provided within 10 Business Days of written request. It is agreed and declared that the purpose of this clause 11.3 is to allow the Shareholders to spot-check the accuracy of information provided or to investigate matters of genuine concern rather than to allow the Shareholders to inspect (or request copies) as a matter of routine and (in view of this) the Shareholders agree to exercise the rights set out in this clause 11.3 in a reasonable manner.

12 Tax matters

- 12.1 The Company shall not apply to H M Customs & Excise to be a member of a group registration for VAT purposes other than a registration comprising only two or more of the Company and its Subsidiary Undertakings.
- 12.2 Where any taxable supply for VAT purposes is made under or in connection with this Agreement by one Shareholder (or by the Company) to the other (or to the Company), the payer shall in addition to any payment required for that supply pay, upon presentation of a VAT invoice, such VAT as is chargeable in respect of it.

13 Transfer of shares

- 13.1 Except with the prior written consent of the other Shareholder each Shareholder shall comply with the provisions relating to the issue and transfer of Shares contained in the New Articles.
- 13.2 The Directors and the Company shall procure that no person who acquires Shares in the Company (whether by transfer or allotment or otherwise) (a **New Shareholder**) shall be registered as their holder unless or until he has entered into a Deed of Adherence.
- 13.3 A New Shareholder who has entered into a Deed of Adherence in accordance with clause 13.2 shall have all the rights and obligations as if he were an original party to this Agreement in the capacity of a Shareholder.

14 Conflict with the new articles

In the event of any ambiguity or discrepancy between the provisions of this Agreement and the New Articles, then it is the intention of the Shareholders that the provisions of this Agreement shall prevail. Accordingly, each Shareholder (so far as each is able) shall take all such steps and do all such acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it in relation to the Company, so as to give effect to the provisions of this Agreement and shall further if necessary procure (insofar as it is able to do so by the exercise of those rights and powers) any required amendment to the New Articles.

15 **No fetter**

15.1 Nothing in this Agreement shall operate to bind the Company to the extent that it constitutes an unlawful fetter on any statutory power of the Company (but this shall not affect the validity of the relevant provision as between the other parties to this Agreement or the respective obligations of such other parties as between themselves under clause 14).

15.2 The Authority shall not be bound by any provision of this Agreement to the extent that it would constitute an unlawful fetter of any statutory power of the Authority.

16 **Duration and termination**

16.1 Subject to clause 16.2, this Agreement shall continue in full force and effect, unless otherwise agreed in writing by the Shareholders, until the earlier of the following events:

16.1.1 an effective resolution is passed or a binding order is made for the winding up of the Company;

16.1.2 any person becomes the holder or beneficial owner of the whole of the issued share capital of the Company;

16.1.3 the Company goes into compulsory liquidation (other than for the purpose of an amalgamation or reconstruction approved by each Shareholder); or

16.1.4 all the Shareholders agree in writing to terminate this Agreement.

provided that this Agreement shall cease to have effect as regards any Shareholder who ceases to hold any Shares in the Company, except for any provisions which are expressed to continue in force thereafter.

16.2 The parties expressly agree that following termination of the DRS Contract for any reason the Company, despite such termination, shall be entitled to continue to provide to any relevant third party, at its election, any services pursuant to the terms of any arrangements subsisting at the time of such termination (but without prejudice to the Company's obligations in the DRS Contract).

16.3 Newco may terminate this Agreement immediately by giving written notice to CSL if a court of competent jurisdiction makes an order or a resolution is passed for the dissolution, liquidation or administration (whether out of court or otherwise) of CSL or a receiver, administrator, administrative receiver or other similar officer is appointed (and not discharged within 10 Business Days) in respect of CSL or a material part of its assets.

16.4 Termination of this Agreement pursuant to this clause shall not release any party from any liability which at the time of termination has already accrued to another party or which may accrue after termination of this Agreement in respect of any act or omission prior to such termination.

16.5 Upon termination of the DRS Contract for any reason, Newco shall have the right by notice in writing served on CSL to require CSL to acquire all of the B Shares (the **Put Option**) in accordance with clauses 16.6, 16.7 and 16.8 (such right to be exercisable at any time

during the period of 60 days from the date of termination of the DRS Contract and for the period of 60 days in every subsequent year from the anniversary of the said termination).

16.6 Subject to clause 16.8 the price payable by CSL for the B Shares pursuant to the Put Option shall be the value determined in accordance with the valuation referred to in clause 16.7.

16.7 The value attributable to the B Shares pursuant to the exercise of the Put Option shall (unless the same is agreed by Newco and CSL within 10 Business Days of the service of the Put Option) be determined by an independent firm of chartered accountants. The identity of the independent firm of chartered accountants shall be agreed upon by the Shareholders or (in default of agreement within 15 Business Days of the service of the Put Option) selected at the request of either Shareholder by the President from time to time of the Institute of Chartered Accountants in England and Wales. Such independent firm of chartered accountants will act as experts and not as arbitrators and their decision shall be final and binding, save in the case of manifest error. Such independent firm shall determine the value attributable to the B Shares on the basis:

16.7.1 of the sale of the B Shares taking place between a willing vendor and a willing purchaser on an arm's length basis with no discount applied for the fact that the B Shares represent a minority interest in the Company;

16.7.2 of the Company being valued as a going concern as at the date of the notice of the Put Option (having regard to all of the contractual arrangements to which the Company is a party); and

16.7.3 having regard to the provisions of clause 16.8.

The costs of such independent firm shall be payable as they direct and they shall notify on the same day each of CSL and Newco in writing of the valuation of the B Shares.

16.8 The sale of the B Shares pursuant to the Put Option shall be with full title guarantee free from any Encumbrance and with all rights attaching (other than any dividend declared but unpaid as at the date of completion of the sale and purchase of the B Shares). Subject to clause 16.7, completion will take place on the date and time agreed between CSL and Newco or, failing agreement, at midday on the day falling 20 Business Days after the date of the notice of the valuation given to the Shareholders under clause 16.7. At completion CSL will pay the price for the B Shares in accordance with the valuation by telegraphic transfer to the bank account notified to it by Newco and Newco will deliver a signed stock transfer form and share certificate in respect of the B Shares.

16.9 Where this Agreement terminates in respect of a Shareholder and where the corporate name of the Company and/or any Subsidiary Undertaking of the Company or any part contains any word the same or similar to the corporate name or any distinctive part of the corporate name of that Shareholder the remaining Shareholder(s) shall procure that within 15 Business Days of termination, the corporate name of the Company and/or Subsidiary Undertaking (s) shall be changed so as to exclude any such word.

17 Confidentiality

17.1 The parties shall keep confidential (and shall use all reasonable endeavours to prevent their employees and agents from making any disclosure to any person):

- 17.1.1 all information of a confidential nature disclosed (whether in writing, verbally or by any other means and whether directly or indirectly) by one party to one of the other parties whether before or after the date of this Agreement,
 - 17.1.2 any information concerning the business affairs of one party or its Group or other information confidential to that party or its Group which one of the other parties learns as a result of the relationship between the parties pursuant to this Agreement, and
 - 17.1.3 this Agreement and any matter relating to this Agreement,
- (together **Confidential Information**).

17.2 Clause 17.1 shall not apply to:

- 17.2.1 any disclosure of information that is reasonably required by, or to, people engaged in the performance of its obligations under this Agreement,
- 17.2.2 any information which the disclosing party can demonstrate is already generally available and in the public domain otherwise than as a result of a breach of this clause 17,
- 17.2.3 any disclosure which is required by any law (including any order of a court of competent jurisdiction) or the rules of any stock exchange or governmental or regulatory council (or body) having the force of law,
- 17.2.4 any disclosure of information which is already lawfully in the possession of the receiving party prior to its disclosure by the disclosing party,
- 17.2.5 any disclosure by Newco of information relating to the provision of the services pursuant to the DRS Contract,
- 17.2.6 any disclosure of information by Newco or the Authority to any other department, office or agency of the Government,
- 17.2.7 any disclosure by Newco or the Authority of any document related to this Agreement to which it is a party and which CSL (acting reasonably) has agreed with Newco or the Authority (as the case may be) contains no Commercially Sensitive Information, and
- 17.2.8 any disclosure for the purpose of:
 - (a) the examination and certification of Newco's or the Authority's accounts to the extent required by law, or
 - (b) any examination pursuant to Local Government Act 1999 of the economy, efficiency and effectiveness with which the Authority has used its resources,

17.3 Where disclosure is permitted under clause 17.2, other than clauses 17.2.3, 17.2.4, 17.2.7 and 17.2.8, the disclosing party shall ensure that the recipient of the information shall be subject to the same obligation of confidentiality as that contained in this Agreement.

Where disclosure is made under clause 17.2.3 and 17.2.8 the disclosing party will notify the other party of such disclosure within a reasonable time.

- 17.4 The Company and CSL each undertake in respect of any information it holds on behalf of Newco or the Authority, to co-operate with Newco or the Authority and take such action as the Authority reasonably requires to enable Newco or the Authority to comply with its obligations under the Freedom of Information Act 2000. For the avoidance of doubt, this includes but is not limited to:

17.4.1. promptly (and in any event within ten (10) Business Days of Newco or the Authority making a request to the Company or CSL) providing Newco or the Authority with all reasonable assistance in complying with requests for information received pursuant to the Freedom of Information Act 2000 (but neither the Company nor CSL shall be required to disclose information which is Commercially Sensitive Information other than in accordance with clause 17.7), and

17.4.2 providing Newco or the Authority with all reasonable assistance in the maintenance of the Authority's publication scheme.

- 17.5 Newco and the Authority agree to notify the Company and CSL in writing when either of them receives any request for information under the Freedom of Information Act 2000 which relates to CSL, the Company or this Agreement. The parties shall attempt to agree whether any exemptions under the Freedom of Information Act 2000 may apply to prevent the disclosure of such information, such agreement not to be unreasonably withheld or delayed.

- 17.6 Notwithstanding clause 17.5, neither Newco nor the Authority shall disclose any information which relates to CSL, the Company or this Agreement which in any such case is Commercially Sensitive Information unless required or directed by the Information Commissioner or agreed by CSL in writing.

- 17.7 Where CSL does not agree to such disclosure pursuant to clause 17.6, Newco or the Authority shall in accordance with the principles of natural justice consider any representations made to it by CSL and shall inform CSL what information it intends to disclose to the person making the request at least three (3) Business Days before that disclosure is to be made, during which CSL may seek the views of the Information Commissioner on such disclosure. Neither Newco nor the Authority shall be in breach of this Agreement in relation to such disclosure.

- 17.8 The parties acknowledge that damages may not be an adequate remedy for a breach of this clause 17.

18 **Restrictions on CSL**

- 18.1 Each of the Shareholders (each of whom is in this clause 18.1 called "the Covenantor") covenants with the other that, the Covenantor (whether directly or indirectly, or whether solely or jointly with or as agent, director, shareholder, partner, manager, employee, consultant or independent contractor of, in or to any other person) shall not (and will procure that none of the other members of its Group shall) at any time whilst the Covenantor is the holder of any Shares in the Company (in this clause 18.1 "the

Termination Date" deemed to be the date of ceasing to be a shareholder in the Company) without the prior written consent of the other Shareholder:

- (a) compete or indirectly compete with the Restricted Business (as hereinafter defined) within the Relevant Area (other than as the holder of not more than 1 per cent of the shares carrying unrestricted voting rights in any company whose shares are listed on any recognised investment exchange);
- (b) solicit or endeavour to entice away from or discourage from dealing with the Company any person who was at any time during the period of one year preceding the Termination Date a manufacturer for or supplier, customer or client of the Business;
- (c) solicit or endeavour to entice away from or discourage from being employed by the Company any individual who was at the Termination Date an officer or employee of the Company whether or not such individual would commit a breach of contract by reason of leaving service and, for the avoidance of doubt, shall exclude any bona fide public recruitment advertisement to which such employee responds.

18.2 The Shareholders consider the restrictions in clause 18.1 to be reasonable, but if a court of competent jurisdiction finds any of them to be unenforceable the Shareholders agree to accept any modification as to the area, extent or duration of the restriction concerned which the court sees fit to impose or, if it does not see fit, which is reasonably necessary to render the restriction enforceable.

18.3 Notwithstanding the restrictions set out in clause 18.1 and 18.2, Newco and the Company acknowledge and agree that CSL shall (subject to clause 8) be entitled to pursue any contract for services opportunity in the market place that may arise from time to time provided that:

- 18.3.1 the contract for services is of a total value of below £50,000 and is not identified in the Commercial Development Plan; or
- 18.3.2 the contract for services opportunity has been evaluated under the Opportunity Assessment Process as not appropriate for the Company to pursue; or
- 18.3.3 the contract for services is a Competing Arrangement (provided that the contract for services opportunity identified in Schedule 3 has been advertised in the Official Journal of the European Union (OJEU) prior to the date which expires three months after the date of this Agreement).

18.4 If clause 18.3.2 applies or if the Company determines that it will not bid or enter into a contract for services notwithstanding its right to do so in preference to CSL in accordance with this clause 18 and Newco has notified its consent to such in accordance with clause 8.5, the Company shall notify CSL of its decision forthwith.

18.5 For the purposes of this clause 18:

- 18.5.1 The "Relevant Area" means any and all geographical locations that are set out in the Table 1 of Schedule 4; and

18.5.2 The "Restricted Business" means the services referred to in Schedule 2 of the DRS Contract (which are shown for ease of reference in Table 1 of Schedule 4.

19 General

19.1 Except where this Agreement provides otherwise, each party shall pay its own costs relating to or in connection with the negotiation, preparation, execution and performance by it of this Agreement and of each agreement or document entered into pursuant to this Agreement and the transactions contemplated by this Agreement.

19.2 No variation of this Agreement or any agreement or document entered into pursuant to this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

19.3 No delay, indulgence or omission in exercising any right, power or remedy provided by this Agreement or by law shall operate to impair or be construed as a waiver of such right, power or remedy or of any other right, power or remedy.

19.4 No single or partial exercise or non-exercise of any right, power or remedy provided by this Agreement or by law shall preclude any other or further exercise of such right, power or remedy or of any other right, power or remedy.

19.5 The rights, powers and remedies provided by this Agreement are cumulative and are not exclusive of any rights, powers and remedies provided by law.

19.6 The provisions of this Agreement insofar as they have not been performed at Completion shall remain in full force and effect notwithstanding Completion.

19.7 If any provision of this Agreement is or becomes illegal, invalid or unenforceable under the law of any jurisdiction, that shall not affect or impair:

19.7.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

19.7.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

19.8 Save for a person who enters into a Deed of Adherence pursuant to clause 13.2, no person who is not a party to this Agreement shall have any right to enforce this Agreement or any agreement or document entered into pursuant to this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

20 Assignment

20.1 Without prejudice to any right to transfer shares under the New Articles, no party may assign, transfer, charge, make the subject of a trust or deal in any other manner with any of its rights under it or purport to do any of the same nor sub-contract any or all of its obligations under this Agreement without the prior written consent of the other party such consent not to be unreasonably withheld or delayed.

21 No partnership or agency

Nothing in this Agreement is intended to or shall operate to create a partnership between the parties or any of them, or to authorise any party to act as agent for any other, and no party shall have authority to act in the name or on behalf of or otherwise to bind any other in any way (including but not limited to the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power).

22 Notices

22.1 Any notice given under this Agreement shall be in writing and shall be served by delivering it personally or sending it by pre-paid recorded delivery or registered post (or registered airmail in the case of an address for service outside the United Kingdom) or fax to the address and for the attention of the relevant party set out in clause 22.2 (or as otherwise notified by that party hereunder). Any such notice shall be deemed to have been received:

22.1.1 if delivered personally, at the time of delivery;

22.1.2 in the case of pre-paid recorded delivery or registered post, 48 hours from the date of posting;

22.1.3 in the case of registered airmail, three Business Days from the date of posting, and

22.1.4 in the case of fax, at the time of transmission.

22.1.5 Provided that if deemed receipt occurs before 9am on a Business Day the notice shall be deemed to have been received at 9am on that day, and if deemed receipt occurs after 5pm on a Business Day, or on a day which is not a Business Day, the notice shall be deemed to have been received at 9am on the next Business Day.

22.2 The addresses and fax numbers of the parties for the purposes of clause 22.1 are:

Newco

Address: North London Business Park, Oakleigh Road South, London, N11 1NP

For the attention of: Chris Naylor

Fax number: 0870 889 7458

CSL

Address: 1 Procter Street, London, WC1V 6DW

For the attention of: Mark Wylie

Fax number: +44(0)20 7492 0201

The Company

Address: 1 Procter Street, London, WC1V 6DW

For the attention of: Ian Tomkinson

Fax number: +44(0)20 7492 0201

or such other address or facsimile number as may be notified in writing from time to time by the relevant party to the other parties.

22.3 In proving such service it shall be sufficient to prove that the envelope containing such notice was addressed to the address of the relevant party set out in clause 22.2 (or as otherwise notified by that party hereunder) and delivered either to that address or into the custody of the postal authorities as a pre-paid recorded delivery, registered post or airmail letter, or that the notice was transmitted by fax to the fax number of the relevant party set out in clause 22.2 (or as otherwise notified by that party hereunder).

22.4 For the avoidance of doubt, notice given under this Agreement shall not be validly served if sent by e-mail.

23 **Counterparts**

This Agreement may be executed in any number of counterparts, and by the different parties on separate counterparts (which may be facsimile copies) each of which, when executed and delivered, shall be an original, and all the counterparts together shall constitute one and the same document.

24 **Governing law and jurisdiction**

24.1 This Agreement shall be governed by and construed in accordance with the law of England.

24.2 Each party irrevocably agrees to submit to the exclusive jurisdiction of the courts of England over any claim or matter arising under or in connection with this Agreement or the legal relationships established by this Agreement.

24.3 Each party irrevocably consents to any process in any legal action or proceedings arising out of or in connection with this Agreement being served on it in accordance with the provisions of this Agreement relating to service of notices. Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

25 **Dividend Policy and Management charges and authority growth payments**

25.1 Subject to the cashflow and working capital requirements of the Company if in respect of any accounting period the Company has profits available for distribution (within the meaning of Part VIII of the Companies Act 2006), the Shareholders shall procure that, the profits are distributed by way of cash dividends by the Company within three months after the end of such period in accordance with the dividend table at Schedule 6. In deciding whether in respect of any accounting period the Company had profits available for distribution the Board of Directors shall procure that the auditors from time to time of the Company shall certify whether such profits are available or not and the amount thereof (if any). In giving such certificate the auditors shall act as experts and not arbitrators and their determination shall be final and binding on the parties hereto.

25.2 Whilst it remains as a Shareholder, CSL will ensure that the Management Services are provided to the Company by CSL as follows:

- 25.2.1 the Management Services shall be provided by CSL in accordance with the Managed Service Agreement and good industry practice and to a commercially acceptable standard;
- 25.2.2 the fee payable by the Company to CSL for the Management Services ("the Fee") will be a sum equal to [REDACTED] of the gross annual turnover of the Company;
- 25.2.3 the Company shall make monthly payments on account of the Fee, with the level of such payments being determined by the Board by reference to the anticipated gross annual turn-over of the Company from time to time; and
- 25.2.4 the amount of the Fee for each financial year of the Company will be determined by reference to the audited accounts of the Company for such year and once determined an adjusting payment will be made by the Company or CSL (as the case maybe) to reflect the payments on account already made by the Company to CSL.

25.3 For the purposes of **clause 25.2** the term "Management Services" means:

- 25.3.1 Central personnel (but not local HR person);
- 25.3.2 Central I.T. e-mail and links;
- 25.3.3 Accounting, finance and payroll support and internal and external audit;
- 25.3.4 Company secretarial role;
- 25.3.5 In-house legal team (but not external solicitors);
- 25.3.6 Property management;
- 25.3.7 Public relations and communications;
- 25.3.8 Group insurance;
- 25.3.9 Marketing and advertising;
- 25.3.10 Procurement and big ticket bidding;
- 25.3.11 such other day to day business support services that the Company may from time to time reasonably require in order to operate as part of the Capita Group.

This Agreement has been executed on the date stated at the beginning of this Agreement.

Schedule 1

Deed of Adherence

Deed of adherence

dated 20[]

By [] Limited] a company incorporated and registered in England and Wales (company registration number []) whose registered office is at [] (the **New Shareholder**) in favour of the persons whose names and addresses are set out in the Schedule to this Deed (the **Continuing Parties**).

Introduction

- (A) This Deed is supplemental to a Shareholders' Agreement dated 2012 between [A], [B] and the Company (the **Shareholders' Agreement**) and to *[insert details of any subsequent Deeds of Adherence or Amendment]*.
- (B) The New Shareholder wishes to [subscribe for] [acquire] [] [A]/[B] Shares in the capital of the Company [from *Transferor*].
- (C) Clause [] of the Shareholders' Agreement provides that no person other than a Shareholder shall acquire shares in the Company (whether by way of transfer or allotment or otherwise) unless he enters into a Deed of Adherence in substantially the form of this Deed.

Agreed terms

- 1 The New Shareholder confirms that [he/it] has been given a copy of the Shareholders' Agreement and covenants with the Continuing Parties to observe, perform and be bound by every provision of the Shareholders' Agreement (other than the Excluded Clauses) as if the New Shareholder had been an original party to it.
- 2 In this Deed the Excluded Clauses shall mean clauses [insert numbers of clauses to be excluded i.e. ones containing a personal obligation] of the Shareholders' Agreement.
- 3 Unless the context requires otherwise, words and expressions defined in the Shareholders' Agreement shall have the same meanings when used in this Deed.
- 4 This Deed shall be governed by and construed in accordance with English law.

This document has been executed as a deed and is delivered and takes effect on the date set out at the beginning of it.

Schedule

[Insert names and addresses of Continuing Parties]

Schedule 2

New Articles

Registered number: []

Private company limited by shares

Articles of association

of

[] Limited

(adopted by special resolution passed on [] 2013

Interpretation

1 In these Articles:

1.1 the following definitions shall apply:

A Director means any director appointed to the Company by holders of the A Shares;

A Share means an ordinary share of £1 in the capital of the Company designated as an A Share;

Act means the Companies Act 2006;

Appointor has the meaning given in article 12.1;

Articles means the Company's articles of association for the time being in force;

Associate means, in relation to a body corporate, any of its subsidiaries, any of its holding companies or any subsidiary of any of its holding companies;

B Director means any director appointed to the Company by holders of the B Shares;

B Share means an ordinary share of £1 in the capital of the Company designated as a B Share;

Business Day means a day other than a Saturday, Sunday or public holiday in England when banks in the City of London are open for business;

Conflict means a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

Continuing Shareholder has the meaning given in article 15.1;

Controlling Interest means an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

Deemed Transfer Notice means a Transfer Notice that is deemed to have been served under any provisions of these Articles;

Eligible Director means any Eligible A Director or Eligible B Director (as the case may be);

Eligible A Director means an A Director who would be entitled to vote on the matter at a meeting of directors (but excluding any A Director whose vote is not to be counted in respect of the particular matter);

Eligible B Director means a B Director who would be entitled to vote on the matter at a meeting of directors (but excluding any B Director whose vote is not to be counted in respect of the particular matter);

Fair Value means in relation to shares, as determined in accordance with article 18;

holding company has the meaning given in article 1.5;

Interested Director has the meaning given in article 9.1;

Model Articles means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles and reference to a numbered "Model Article" is a reference to that article of the Model Articles;

Original Shareholder means a shareholder who holds shares in the Company on the date of adoption of these Articles;

Permitted Group means in relation to a company, any Associate of that company;

Permitted Transfer means a transfer of shares made in accordance with article 16;

Permitted Transferee has the meaning given in article 16.1;

Purchase Notice has the meaning given in article 15.2;

Sale Shares has the meaning given in article 15.1;

Sale Price has the meaning given in article 15.1.2;

Seller has the meaning given in article 15.2;

Subsidiary has the meaning given in article 1.5;

Transfer Notice means an irrevocable notice in writing given by any shareholder to the other shareholder where the first shareholder desires, or is required by these Articles, to transfer or offer for transfer (or enter into an agreement to transfer) any shares;

Valuers means the auditors for the time being of the Company or, if they decline the instruction, an independent firm of accountants jointly appointed by the shareholders or, in

the absence of agreement between the shareholders on the identity of the expert within 20 Business Days of a shareholder serving details of a suggested expert on the other, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants in England and Wales (in each case acting as an expert and not as an arbitrator); and

Writing or written means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, for the purposes of article 15 to article 17, article 19 and article 20, "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax).

1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have those meanings in these Articles.

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

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

1.5 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:

1.5.1 another person (or its nominee), by way of security or in connection with the taking of security; or

1.5.2 its nominee.

1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as amended, extended or re-enacted from time to time.

1.7 Any words following the terms **including**, **include**, **in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

2 **Adoption of the Model Articles**

2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or

regulations set out in any statute or in any statutory instrument or other subordinate legislation.

- 2.2 Model Articles 6(2), 7, 8, 9(1), 11 to 14 (inclusive), 16, 17, 22, 26(5), 27 to 29 (inclusive), 36, 38, 39, 43, 44(2), 49 and 50 to 53 (inclusive) shall not apply to the Company.
- 2.3 Model Article 20 shall be amended by the insertion of the words "(including alternate directors and the secretary)" before the words "properly incur".
- 2.4 In Model Article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5 Model Articles 31(1)(a) to (c) (inclusive) shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Model Article 31(d) shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

DIRECTORS

3 Directors' meetings

- 3.1 Any decision of the directors must be taken at a meeting of directors in accordance with these Articles or must be a decision taken in accordance with article 4.
- 3.2 Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 3.3 Meetings of the directors shall take place at least 4 times each year, with a period of not more than 3 months between any two meetings and shall take place in the London Borough of Barnet.
- 3.4 All decisions made at any meeting of the directors or of any committee of the directors shall be made only by resolution and resolutions at any meeting of the directors or committee of the directors shall be decided by a majority of votes.
- 3.5 If at any time before or at any meeting of the directors or of any committee of the directors all A Directors participating or all B Directors participating should request that the meeting be adjourned or reconvened to another time or date (whether to enable further consideration to be given to any matter or for other directors to participate or for any other reason, which need not be stated) then such meeting shall be adjourned or reconvened accordingly, and no business shall be conducted at that meeting after such a request has been made. No meeting of directors may be adjourned pursuant to this article more than once.
- 3.6 A committee of the directors must include at least one A Director and one B Director. The provisions of article 7 shall apply equally to meetings of any committee of the directors as to meetings of the directors.
- 3.7 Any director shall be entitled to report back to the A Shareholder or B Shareholder appointing him information relating to the Company that may come into his possession as a director as may be necessary for such A Shareholder or B Shareholder, as the case may

be, to monitor its investment in the Company but an A Shareholder or B Shareholder shall not use such information to the detriment of the Company (unless it is under a legal or regulatory obligation to do so).

4 Unanimous decisions of directors

- 4.1 A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 4.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at a directors' meeting to vote on the matter in accordance with article 7.

5 Number of directors

The number of directors shall not be less than 2 and no more than 7, made up of up of 4 A Directors, 2 B Directors and an independent Chairman. No shareholding qualification for directors shall be required.

6 Calling a directors' meeting

- 6.1 Any director may call a meeting of directors by giving not less than 5 Business Days' notice of the meeting (or such shorter period of notice as agreed in writing by all the directors of the Company from time to time) to each director.
- 6.2 Notice of any directors' meeting must be accompanied by:
- 6.2.1 an agenda specifying in reasonable detail the matters to be raised at the meeting; and
 - 6.2.2 copies of any papers to be discussed at the meeting.
- 6.3 Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless all the directors agree in writing.

7 Quorum for directors' meetings

- 7.1 Subject to article 7.4, the quorum at any meeting of the directors (including adjourned meetings) shall be two directors, of whom one at least shall be an Eligible A Director (or his alternate) and one at least an Eligible B Director (or his alternate).
- 7.2 No business shall be conducted at any meeting of the directors unless a quorum is present at the beginning of the meeting and also when that business is voted on.
- 7.3 If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for 5 Business Days at the same time and place. If a quorum is not present at any such adjourned meeting within 30 minutes of the time specified, then any 2 Eligible Directors present will constitute a quorum.

8 Chairing of directors' meetings

The post of chairman of the directors will be held by an independent director. The chairman shall not have a casting vote. If the chairman for the time being is unable to attend any meeting of the board of directors, the shareholder who appointed him shall be entitled to appoint another of its nominated directors to act as chairman at the meeting.

9 Directors' interests

9.1 The directors may, in accordance with the requirements set out in this article, authorise any Conflict proposed to them by any director which would, if not so authorised, involve a director (the **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest.

9.2 Any authorisation under this article will be effective only if:

9.2.1 to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles;

9.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and

9.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

9.3 Any authorisation of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):

9.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

9.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;

9.3.3 provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;

9.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;

9.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and

9.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from

reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

- 9.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 9.5 The directors may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 9.6 A director, notwithstanding his office, may be a director or other officer of, employed by, an elected member of, or otherwise interested (including by the holding of shares) in, the shareholder who appointed him as a director of the Company, or any other member of such shareholder's Permitted Group, and no authorisation under article 9.1 shall be necessary in respect of any such interest.
- 9.7 Any A Director or B Director shall be entitled from time to time to disclose to the holders of the A Shares, or (as the case may be) the holders of the B Shares, or any other member of such shareholder's Permitted Group, such information concerning the business and affairs of the Company as he shall at his discretion see fit, subject only to the condition that if there be more than one A shareholder or (as the case may be) B shareholder, the director concerned shall ensure that each of the shareholders of the same class receives the same information on an equal footing.
- 9.8 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 9.9 Subject to sections 177(5) and 177(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act.
- 9.10 Subject to sections 182(5) and 182(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under article 9.9.
- 9.11 Subject, where applicable, to any terms and conditions imposed by the directors in accordance with article 9.3, and provided a director has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- 9.11.1 may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;
- 9.11.2 shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- 9.11.3 shall be entitled to vote at a meeting of directors (or of a committee of directors) or participate in any unanimous decision, in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- 9.11.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- 9.11.5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 9.11.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

10 **Records of decisions to be kept**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in a form that enables the Company to retain a copy of such decisions.

11 **Appointment and removal of directors**

- 11.1 The holder of a majority of the A Shares for the time being shall be entitled to appoint up to 4 persons to be A Directors of the Company and the holder of a majority of the B Shares for the time being shall be entitled to appoint up to 2 persons to be B Directors of the Company.
- 11.2 The holder of B Shares shall be entitled to appoint up to 3 persons to act as observers at meetings of directors. Each such observer shall be entitled to receive notice of, and attend and speak at, all meetings of directors and to receive copies of all board papers as if he were a director, but shall not be entitled to vote on any resolutions proposed.
- 11.3 Any A Director may at any time be removed from office by the holder of a majority of the A Shares and any B Director may at any time be removed from office by the holder of a majority of the B Shares.

- 11.4 If any A Director or any B Director shall die or be removed from or vacate office for any cause, the holder of a majority of the A Shares (in the case of an A Director) or the holder of a majority of the B Shares (in the case of a B Director) shall appoint in his place another person to be an A Director or a B Director (as the case may be).
- 11.5 Any appointment or removal of a director pursuant to this article shall be in writing and signed by or on behalf of the holder of a majority of the A Shares or B Shares (as the case may be) and served on each of the other shareholders and the Company at its registered office. Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.
- 11.6 The right to appoint and to remove A or B Directors under this article shall be a class right attaching to the A Shares and the B Shares respectively.
- 11.7 If no A Shares or B Shares remain in issue following a redesignation under these Articles, any director appointed by shareholders of that class shall be deemed to have been removed as from the redesignation.
- 11.8 No A Director or B Director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

12 **Alternate directors**

- 12.1 Any director (other than an alternate director) (the **Appointor**) may appoint any person (whether or not a director) other than an existing director representing the other class of shares, to be an alternate director to exercise the Appointor's powers, and carry out the Appointor's responsibilities, in relation to the taking of decisions by the directors, in the absence of the Appointor. In these Articles, where the context so permits, the term "A Director" or "B Director" shall include an alternate director appointed by an A Director or a B Director (as the case may be). A person may be appointed an alternate director by more than one director provided that each of his Appointors represents the same class of shares but not otherwise.
- 12.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company (and to the alternate, on removal) signed by the Appointor, or in any other manner approved by the directors.
- 12.3 The notice must:
- 12.3.1 identify the proposed alternate; and
 - 12.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.
- 12.4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.
- 12.5 Except as the Articles specify otherwise, alternate directors:
- 12.5.1 are deemed for all purposes to be directors;
 - 12.5.2 are liable for their own acts and omissions;

12.5.3 are subject to the same restrictions as their Appointors; and

12.5.4 are not deemed to be agents of or for their Appointors

and, in particular (without limitation), each alternate director shall 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.

12.6 A person who is an alternate director but not a director may, subject to him being an Eligible Director:

12.6.1 Be counted as participating for the purposes of determining whether a quorum is present at a meeting of directors (but only if that person's Appointor is an Eligible Director and is not participating); and

12.6.2 Participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, and does not himself participate).

12.7 A director who is also an alternate director is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor (provided that an Appointor is an Eligible Director in relation to that decision), in addition to his own vote on any decision of the directors.

12.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

12.9 An alternate director's appointment as an alternate (in respect of a particular Appointor) terminates:

12.9.1 when the alternate's Appointor revokes the appointment by notice to the Company and the alternate in writing specifying when it is to terminate; or

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

12.9.3 when the alternate director's Appointor ceases to be a director for whatever reason.]

SHARES

13 Share capital

13.1 Except as otherwise provided in these Articles, the A Shares and the B Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.

13.2 No share of any class nor any right to subscribe for or to convert any security into a share of any class shall be allotted or granted otherwise than to the holder of a share of that same class.

13.3 On the transfer of any share as permitted by these Articles:

13.3.1 a share transferred to a non-shareholder shall remain of the same class as before the transfer; and

13.3.2 a share transferred to a shareholder shall automatically be redesignated on transfer as a share of the same class as those shares already held by the shareholder.

If no shares of a class remain in issue following a redesignation under this article, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, shareholders of that class or directors appointed by that class.

13.4 No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy or (being a corporation) by a duly authorised representative. For the purpose of this article, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.

13.5 Each of the following shall be deemed to constitute a variation of the rights attached to each class of shares:

13.5.1 any alteration in the Articles;

13.5.2 any reduction, subdivision, consolidation, redenomination, or purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital; and

13.5.3 any resolution to put the Company into liquidation.

13.6 The Company shall immediately cancel any shares acquired under Part 18 of the Act.

14 SHARE TRANSFERS: GENERAL

14.1 Except as permitted by these Articles or with the prior written consent of all the other shareholder, ~~no~~ shareholder shall:

14.1.1 sell, transfer or otherwise dispose of any legal and/or beneficial interest in any shares held by such shareholder; or

14.1.2 pledge, charge, mortgage (whether by way of fixed or floating charge) or otherwise encumber its legal and/or beneficial interest in any shares held by such shareholder; or

14.1.3 enter into any agreement in respect of the votes attached to any shares held by such shareholder.

- 14.2 Any transfer or purported transfer of any share made otherwise than in accordance with these Articles shall be void and of no effect and the directors shall refuse to register any such transfer.
- 15 **Pre-emption rights on the transfer of shares**
- 15.1 Save for transfers for which prior written consent is given by all shareholders for the time being or for transfers permitted by Article 16 (**Permitted Transfers**) no shares held by a shareholder may be transferred unless it transfers all (but not some only) of the shares held by it.
- 15.2 Any shareholder (the **Seller**) proposing to transfer all or any of its shares or the beneficial interest in them (the **Sale Shares**) shall give notice in writing (a **Transfer Notice**) to the Company specifying:
- 15.2.1 whether or not the proposed sale or transfer is conditional upon all and not part only of the shares comprised in the Transfer Notice being sold or transferred (a **Total Transfer Condition**) and in the absence of any such stipulation or in any case where a Transfer Notice shall be deemed to have been given pursuant to these Articles, it shall be deemed not to be so conditional; and
- 15.2.2 the price per share at which the Seller proposes to sell the Sale Shares.
- 15.3 The Transfer Notice shall irrevocably appoint the Company the Seller's agent for the sale of the Sale Shares in accordance with the provisions of these Articles.
- 15.4 The Sale Shares shall be sold with full title guarantee free from all mortgages, charges, pledges, liens and other encumbrances and together with all rights and benefits attaching thereto at a price per Sale Share (the **Transfer Price**) being:
- 15.4.1 in cases where the Seller has reached an agreement or arrangement with a bona fide third party for the sale of the Sale Shares to such third party, at the price per Sale Share specified in the Transfer Notice or at the Fair Value (whichever shall be the lower); or
- 15.4.2 in any other case (including cases where a Transfer Notice is deemed to have been given under these Articles), at the Fair Value.
- 15.5 Once given a Transfer Notice shall be irrevocable except with the consent of the directors.
- 15.6 Upon receipt of a Transfer Notice (or, in any case where, pursuant to Article 17, a Transfer Notice shall be deemed to have been given, within 14 days of the occurrence of the relevant event or within 14 days after the directors first become aware of the relevant event) the Company shall immediately cause the Fair Value to be determined.
- 15.7 Upon the Fair Value being determined, the Company shall immediately give notice in writing (the **Offer Notice**) to the relevant shareholders of the Company, as specified below, informing them of the Transfer Price and that the Sale Shares are available for purchase in accordance with the provisions of these Articles. Each Offer Notice shall specify a period of not less than 14 days and not more than 30 days within which it must be accepted or will lapse.

15.8 The Sale Shares shall be offered to each other relevant shareholder of the Company (other than the Seller or any other shareholder who has served or who is deemed to have served a Transfer Notice which is still outstanding) (a **Relevant Shareholder**) as follows:

15.8.1 if the Sale Shares are A Shares to the Relevant Shareholder who are holders of B Shares;

15.8.2 if the Sale Shares are B Shares to the Relevant Shareholders who are holders of A Shares.

15.9 In relation to each offer under this Article, the Sale Shares shall be offered on terms that in the case of competition, the Sale Shares shall be sold to the Shareholders accepting the offer in proportion (as nearly as may be) to their existing holdings of shares of the relevant class or classes by reference to which the entitlement to allocation arises.

15.10 If any of the Relevant Shareholders shall within the period specified in an Offer Notice apply for all or any of the Sale Shares, then:

15.10.1 if the total number of Sale Shares applied for is equal to the number of the Sale Shares comprised in the Transfer Notice, the directors shall allocate the number applied for in accordance with the applications made; or

15.10.2 if the total number of shares applied for is more than the number of Sale Shares comprised in the Transfer Notice, the allocation of the such shares as between the applicants shall be in proportion (as nearly as may be) to their existing holdings of shares of such class or classes by reference to which the entitlement to allocation arises;

and in either case the Company shall immediately give notice of each such allocation (hereinafter called an **Allocation Notice**) to the Seller and the Relevant Shareholders who have agreed to purchase such shares (each a **Purchasing Shareholder**) and shall specify in the Allocation Notice the place and time (being not later than 30 days after the date of the Allocation Notice) at which the sale of the shares comprised in the Transfer Notice shall be completed.

15.11 Upon service of an Allocation Notice, the Seller shall, subject to Article 15.13, be bound, on payment of the aggregate Transfer Price in respect of all the Sale Shares to transfer the shares comprised in the Allocation Notice to the Purchasing Shareholder named therein at the time and place therein specified.

15.12 If the Seller fails or refuses to transfer any shares to a Purchasing Shareholder in accordance with the Allocation Notice, any director nominated by the Purchasing Shareholder, shall forthwith be deemed to be the duly appointed attorney of the Seller with full power to execute, complete and deliver in the name and on behalf of the Seller a transfer of the relevant shares to the Purchasing Shareholder. The directors may receive and give a good discharge for the purchase money on behalf of the Seller and (subject to the transfer being stamped) enter the name of the Purchasing Shareholder in the register of shareholders as the holder of the shares so purchased. The directors shall forthwith pay the purchase money into a separate bank account in the Company's name and the Company shall hold the purchase money in trust for the Seller. When the Seller delivers up its certificate for the relevant shares to the Company, it shall be paid the purchase

money. The Company shall have no liability to pay or account for any interest on such purchase money.

15.13 If the Seller shall have included in the Transfer Notice a Total Transfer Condition, then if the total number of Sale Shares applied for pursuant to this Article is less than the total number of Sale Shares comprised in the Transfer Notice, none of the Sale Shares shall be transferred to any Purchasing Shareholder.

15.14 In the event of all the Sale Shares comprised in the Transfer Notice not being sold under the preceding paragraphs of this Article, the Seller may at any time within three calendar months after receiving confirmation from the Company that the pre-emption provisions contained in these Articles have been exhausted, transfer the Sale Shares to a bona fide third party purchaser at a price not less than the Transfer Price specified **provided that** if the Transfer Notice shall have included a Total Transfer Condition, the Seller shall not be entitled to transfer any shares under this Article unless all the Sale Shares (and not some only) are so transferred.

15.15 Any director may require the directors to be satisfied that the Sale Shares are being transferred in pursuance of a bona fide sale for the consideration stated in the Transfer Notice without any deduction, rebate or allowance to the purchaser or other third party and otherwise in accordance with the provisions of this Article.

16 Permitted transfers

16.1 A shareholder (**Transferor**) shall be entitled at any time to transfer any of the shares held by it to an Associate of the shareholder (a **Permitted Transferee**).

16.2 If, while it holds shares in the Company, a Permitted Transferee ceases to be an Associate of the Transferor, the Permitted Transferee shall notify all the other shareholders in writing that such an event has occurred and the Transferee shall (unless otherwise agreed by all the other shareholders in writing) transfer all its shares to the Transferor or an Associate of the Transferor immediately.

17 Compulsory transfers

17.1 A shareholder (a **Defaulting Shareholder**) shall be deemed to have given a Transfer Notice pursuant to Article 15.2 in respect of all the shares in the Company held by the Defaulting Shareholder immediately before any of the following events:

17.1.1 the Defaulting Shareholder pledges, charges, mortgages (whether by way of fixed or floating charge) or otherwise encumbers its legal and/or beneficial interest in any of its shares; or

17.1.2 in the case of the Defaulting Shareholder being a body corporate, it and/or any company which is for the time being a holding company of the Defaulting Shareholder:

(a) has an encumbrancer lawfully take possession or an administrative receiver, receiver, administrator or similar person is appointed over the whole or any part of its undertaking, property or assets; or

- (b) a petition is presented for the making of an administration order or a petition is presented for its compulsory winding up or documents are filed with the court for the appointment of an administrator or notice of intention to appoint an administrator is given by the company in question or its directors or by a qualifying floating charge holder (as defined in paragraph 14 of schedule B1 to the Insolvency Act 1986); or
- (c) an order is made or a resolution is passed or a notice is issued convening a meeting for the purpose of passing a resolution or any analogous proceedings are taken for the appointment of an administrator or its winding up, liquidation or dissolution other than for the purposes of a reconstruction or amalgamation without insolvency on terms previously approved by the other shareholders (such approval not to be unreasonably withheld or delayed); or
- (d) proposes or makes assignment for the benefit of, or an arrangement or composition with, its creditors generally or makes an application to a court of competent jurisdiction for protection from its creditors generally; or
- (e) is unable to pay its debts or any of its debts become due and payable before their specified maturity; or
- (f) any distress, execution, sequestration or other similar process is levied in relation to all or any part of its undertaking, property or assets which is not remedied within 14 days; or
- (g) requests the appointment of a receiver or administrative receiver or administrator under or any step is taken by any person to enforce any rights under or pursuant to any mortgage, charge, pledge, lien or any encumbrance or security interest of any kind over any of its undertaking, property or assets; or
- (h) a court order or decree approves as properly filed a petition seeking its reorganisation, arrangement or adjustment under any applicable law other than for the purpose of a reconstruction or amalgamation without insolvency; or
- (i) is the subject of any change of control; or
- (j) any event, proceeding or appointment equivalent to any one or more of the events specified above occurs under the laws of any foreign jurisdiction in which any relevant body corporate is incorporated, carries on business or has any assets.

17.2 A Transfer Notice deemed to have been given pursuant to this Article shall be irrevocable. The provisions of Articles 15.6 to 15.13 (inclusive) shall apply mutatis mutandis to any such Transfer Notice.

17.3 In any case where a Transfer Notice is deemed to have been given under this Article, the directors shall forthwith procure that the Fair Value of each Sale Share to be sold be determined and the Fair Value as so determined shall be the Transfer Price. The

provisions of Article 18 shall apply mutatis mutandis, save that the costs of any determination by the independent firm of chartered accountants shall be borne by the Defaulting Shareholder.

18 Valuation

- 18.1 Upon receipt of a Transfer Notice, the directors shall by notice in writing instruct the Auditors (or at the discretion of the Auditors, a person nominated by the president for the time being of the institute of Chartered Accountants in England and Wales (or his duly authorised deputy)) to determine the Fair Value of each Sale Share within 28 days from the receipt of such instruction in accordance with the provisions of this Article.
- 18.2 The Company shall instruct the Auditors to certify in writing the sum which in their opinion represents the Fair Value of each Sale Share as at the date of the Transfer Notice on the basis of a sale of the whole of the issued share capital of the Company as a going concern on the open market for cash as between a willing seller and a willing buyer and on the basis that all of the issued shares in the Company rank *pari passu* in all respects. The directors shall give to the Auditors all such information as they may reasonably require and shall take account of any relevant information which any shareholder may wish to provide to the Auditors.
- 18.3 The Auditors may in their reasonable discretion instruct other professional advisers to assist them in determining the Fair Value of a Sale Share.
- 18.4 For the purpose of this Article, the Fair Value of each Sale Share shall be its value as a rateable proportion of the total value of the issued shares of the Company without any premium or discount by reference to the percentage of shares whose sale or transfer is in question.
- 18.5 The costs of such valuation (including, where appropriate, the cost of any advisers appointed by the Auditors) shall be apportioned among the Vendor and the Purchasing Shareholders or borne by any one or more of them as the Auditors in their absolute discretion shall decide.
- 18.6 In certifying the Fair Value, the Auditors shall be considered to be acting as experts and not as arbitrators and accordingly any provisions of law or statute relating to arbitration shall not apply.
- 18.7 Save in the case of fraud or manifest error, the Auditors' determination of the Fair Value of a Sale Share shall be final and binding on all concerned.
- 18.8 If the directors are unable to arrange for the Auditors to determine the Fair Value in accordance with the provisions of this Article, the directors may request the President for the time being of the Institute of Chartered Accountants in England and Wales (or his duly authorised deputy), to nominate an independent firm of chartered accountants, with experience in the valuation of private companies limited by shares, to act in place of the Auditors. In this event, references in this Article to the "Auditors" shall be read and construed as a reference to such independent firm of chartered accountants.

19 **Tag along**

- 19.1 After first giving a Transfer Notice to the Purchasing Shareholder and going through the procedure set out in article 15, the provisions of article 19.2 to article 19.6 shall apply if the holder of the A Shares in issue for the time being (for the purpose of this article, the **Seller**) proposes to transfer the A Shares to a bona fide purchaser on arm's length terms (**Proposed Transfer**) and such transfer would, if carried out, result in such person (**Buyer**) acquiring a Controlling Interest in the Company.
- 19.2 Before making a Proposed Transfer, the Seller shall procure that the Buyer makes an offer (**Offer**) to the holder of the B Shares in issue for the time being to purchase all of the B Shares held by it for a consideration in cash per Share that is at least equal to the price per Share offered by the Buyer in the Proposed Transfer (**Specified Price**).
- 19.3 The Offer shall be made by written notice (**Offer Notice**), at least 20 Business Days before the proposed transfer date (**Transfer Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out:
- 19.3.1 the identity of the Buyer;
- 19.3.2 the purchase price and other terms and conditions of payment;
- 19.3.3 the Transfer Date; and
- 19.3.4 the number of Shares proposed to be purchased by the Buyer (**Offer Shares**).
- 19.4 If the Buyer fails to make the Offer in accordance with article 19.2 and article 19.3, the Seller shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.
- 19.5 If the Offer is accepted by the holder of the B Shares in writing within 20 Business Days of receipt of the Offer Notice, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by such shareholder.
- 19.6 The Proposed Transfer is subject to the rights of pre-emption set out in article 15, but the purchase of the Offer Shares shall not be subject to those provisions.

20 **Drag along**

- 20.1 After first giving a Transfer Notice to the Continuing Shareholder and going through the procedure set out in article 15, if the Seller wishes to transfer all (but not some only) of its A Shares to a bona fide purchaser on arm's length terms (**Proposed Buyer**), the Seller may require the holder of the B Shares (**Called Shareholder**) to sell and transfer all of its shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article (**Drag Along Option**).
- 20.2 The Seller may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholder (**Drag Along Notice**) at any time before the transfer of the A Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- 20.2.1 that the Called Shareholder is required to transfer all of its Called Shares pursuant to this article 20;

- 20.2.2 the person to whom the Called Shares are to be transferred;
 - 20.2.3 the purchase price payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per Share offered by the Proposed Buyer for the A Shares; and
 - 20.2.4 the proposed date of the transfer.
- 20.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Seller has not sold the A Shares to the Proposed Buyer within 20 Business Days of serving the Drag Along Notice. The Seller may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 20.4 No Drag Along Notice shall require the Called Shareholder to agree to any terms except those specifically set out in this article 20.
- 20.5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the A Shares unless:
- 20.5.1 the Seller and the Called Shareholder agree otherwise in which case the Completion Date shall be the date agreed in writing by them; or
 - 20.5.2 that date is less than 20 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 20 Business Day after service of the Drag Along Notice.
- 20.6 The proposed sale of the A Shares by the Seller to the Proposed Buyer is subject to the rights of pre-emption set out in article 15, but the sale of the Called Shares by the Called Shareholder shall not be subject to those provisions.
- 20.7 On or before the Completion Date, the Called Shareholder shall execute and deliver a stock transfer form for the Called Shares, together with the relevant share certificate(s) (or a suitable indemnity for any lost share certificate(s)) to the Company. On the Completion Date, the Company shall pay the Called Shareholder, on behalf of the Proposed Buyer, the amounts due pursuant to article 20.2 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholder in trust for the Called Shareholder without any obligation to pay interest.
- 20.8 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholder shall be entitled to the return of the stock transfer form and share certificate(s) (or suitable indemnity) for the relevant Called Shares and the Called Shareholder shall have no further rights or obligations under this article 20 in respect of its Shares.
- 20.9 If the Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 20.7) transfer(s) in respect of all of the Called Shares held by it, the Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Seller to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase

price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as he may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the Called Shares, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this article 20.9.

DECISION MAKING BY SHAREHOLDERS

21 Quorum for general meetings

21.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy, of whom one shall be a holder of A Shares or a duly authorised representative of such holder and one shall be a holder of B Shares or a duly authorised representative of such holder.

21.2 No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

22 Chairing general meetings

The chairman of the board of directors shall chair general meetings. If the chairman is unable to attend any general meeting, the shareholder who appointed him shall be entitled to appoint another of its nominated directors present at the meeting to act as chairman at the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

23 Voting

23.1 At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a shareholder entitled to vote; on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder except that, in the case of any of the following resolutions proposed, the holder of the B Shares voting against any such resolution (whether on a show of hands, on a poll or on a written resolution) shall be entitled to cast such number of votes as is necessary to defeat such resolution:

23.1.1 any resolution proposed to remove the B Director whether under section 168 of the Act or otherwise;

23.2 Any resolution proposed as a written resolution in relation to any of the matters listed in article 23.1 shall be proposed in a form that provides shareholders with the ability to cast their votes against as well as in favour of such resolution.

24 Poll votes

24.1 A poll may be demanded at any general meeting by a qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.

24.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

25 Proxies

- 25.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of general meeting (or adjourned meeting) to which they relate".
- 25.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid" as a new paragraph at the end of that article.

ADMINISTRATIVE ARRANGEMENTS

26 Means of communication to be used

- 26.1 Subject to article 26.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- 26.1.1 if delivered by hand, at the time of delivery; or
 - 26.1.2 if sent by fax, at the time of transmission; or
 - 26.1.3 if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, 2 Business Days after posting; or
 - 26.1.4 if sent by reputable international overnight courier to an address outside the country from which it is sent, at the time of delivery; or
 - 26.1.5 if sent or supplied by e-mail, one] hour after the notice, document or information was sent or supplied; or
 - 26.1.6 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; and
 - 26.1.7 if deemed receipt under the previous paragraphs of this article 26.1 is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.
- 26.2 To prove service, it is sufficient to prove that:
- 26.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
 - 26.2.2 if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
 - 26.2.3 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or

- 26.2.4 if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.
- 26.3 Any notice, document or other information served on, or delivered to, an intended recipient under article 15, article 16.3, article 17, article 19 or article 20 (as the case may be) may not be served or delivered in electronic form (other than by fax), or by means of a website.
- 26.4 In proving that any notice, document or information was properly addressed, it shall suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.
- 27 **Indemnity and insurance**
- 27.1 Subject to article 27.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:
- 27.1.1 each relevant officer of the Company shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and
- 27.1.2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 27.1.1 and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure.
- 27.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 27.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.
- 27.4 In this article:
- 27.4.1 a "relevant officer " means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor; and
- 27.4.2 a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any pension fund of the Company.

Schedule 3 redacted in full

Schedule 4

Restrictive Covenant

Relevant Areas -

Duration of the Relevant Area from the date of Commencement to the expiry of the Agreement.

For the avoidance of doubt, should a Procurement Process commence prior to date of this Agreement but the conclude after the commencement date of this Agreement, that contract shall be considered restricted and CSL shall not be entitled to enter into that contract unless disclosed under the Competing Arrangements as identified in Schedule 3.

TABLE 1

Services	Restricted Area	Scope
Individual DRS Business Cases	Individual Service Area Initiatives set out in Schedule 37 of the DRS Agreement	All Individual Service Area Initiatives set out in the Commercial Development Plan Schedule 37 of the DRS Agreement
Transport & Regeneration	Per Table 2	<p>Transportation development control input into Regeneration schemes, principally Brent Cross Cricklewood (BXC).</p> <p>Strategic input, management and specialist advice on other Regeneration schemes.</p> <p>Major planning applications and strategic studies undertaking high level liaison with TfL</p> <p>Representation on behalf of Highways as the lead officer at Planning & Environment Committee and FGG AESC and Resident Forum meetings.</p> <ul style="list-style-type: none"> • Regeneration • Housing • Design and Heritage • Project and Programme Management • Major Development • Strategic Planning Consultancy • Infrastructure Planning
Planning and Development Management	Per Table 2	<ul style="list-style-type: none"> • Planning Development & Management Planning Enforcement - Investigates and resolves alleged breaches of planning control (not alleged unauthorised works to protected trees). • Dealing with complaints relating to advertisements benefitting from deemed consent rights, • Investigating complaints relating to land or buildings which are not properly maintained.

		<ul style="list-style-type: none"> • Planning Appeals - Appeals against planning enforcement notices and listed building enforcement notices – • Administration of appeals against planning and other decisions (except tree and enforcement decisions), deals with cost claims made in appeal proceedings, training, maintaining records and non-statutory notifications. • Taking action under the Proceeds of Crime Act 2002 (as amended) • Register of enforcement, breach of condition and stop notices and maintaining other records. • Trees and Landscaping – This service makes and updates tree preservation orders within the borough, assesses applications to undertake treatment to trees included within a Tree Preservation Order, deals with appeals against tree application refusals, deals with claims for compensation under section 203 of the 1990 Act, investigates and resolves alleged breaches of the tree preservation legislation and other tree related enforcement issues, provides advice to officers within Service Areas, deals with high hedge complaints and complying with the requirements of the High Hedge Regulations 1997
Highways Network Management & Strategy	Per Table 2	<ul style="list-style-type: none"> • Highways Network Management • Highways Traffic and Development • Highways Asset Management • Highways Strategic Planning <p>The services support the delivery of a range of statutory Highways Authority functions:</p> <ul style="list-style-type: none"> • Implementation of carriageway resurfacing Schemes • Implementation of Footway Relay schemes • Implementation of highway improvements schemes • Signs, Lines, Street Furniture and Width Restriction Maintenance • Weed Spray operations management

		<ul style="list-style-type: none"> • Highway Safety Inspections • Emergency and Reactive Response • Insurance Claims • Insurance claim investigation • Health & Safety Regulations Compliance • Temporary Road Closures • Financial Management • NRSWA Management including operation of the London Permitting scheme • Network Management • Highway Asset Management • Commissioning Annual Highway Condition Assessment • Issuing of Highway Licenses • Vehicle Crossovers- The assessment of crossover applications and the construction of vehicle crossovers on the public highway on a rechargeable basis. • Drainage-The provision of a highway drainage service covering all highway drainage assets and carrying out the functions of a LLFA. • Winter Gritting- The provision of Winter Maintenance service to ensure, so far as is reasonable, the safe passage along a highway is not endangered by snow or ice. • Street Lighting – Monitoring and administering the Street Lighting PFI contract to ensure compliance with the PFI contract requirements • Bridges-The management, maintenance and, where appropriate, the improvements of the Council's Bridges/Structures. • Term Contracts Management-The management, extension and renewal of the term contracts that are currently in place or any replacement contracts entered into by the new Partner in order to deliver all works in scope of the existing highways
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		<p>maintenance contracts.</p> <ul style="list-style-type: none"> • Highways Strategic Planning - Developing transportation policy documents and work programmes • Monitoring Road Traffic Accident patterns in the borough • Private and temporary direction signs requests to premises and community events • Public Rights of Way enquiries • Public Transport liaison especially with London Buses • Liaison with provider regarding street furniture agreement • The Traffic and Development section - Responsible for Parking Design, Traffic Schemes, Highways Planning, Development Control, Travel Planning, Road Safety Education and the Highway Maintenance programme. <p>The main functions within the Traffic and Development Section are as follows:</p> <ul style="list-style-type: none"> • Design Function • Discharges the Borough's statutory duties and its stated priorities progressing all changes to existing and introduction of new parking bays and parking restrictions, in particular relating to the consideration of measures ensuring movement and safety on the borough's network including measures associated with the Council's off-street car parks. • Responsible for all relevant statutory requirements relating to Traffic Management Orders including temporary traffic orders to facilitate special events, road closures and development works. • Liaises with TfL re draft TMOs on TLRN. Investigates and progresses schemes to reduce congestion and improve safety by consideration of such measures as road widening, junction redesign, signal modification, bus stop location, rationalization of existing road layouts
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		<p>including the removal of excessive signage, the introduction of Vehicle Activated Signs and improved pedestrian facilities such as controlled crossings and footway improvements and facilitates Street scene improvements.</p> <ul style="list-style-type: none"> • It is also the main area responsible for commissioning and organizing traffic data surveys and analysis to facilitate effective traffic management. The Design Team also provide advice to various elements of the service and externally regarding parking legislation, accident data etc. • Road Safety Function <ul style="list-style-type: none"> • Monitors the removal of traffic calming measures following highway carriageway resurfacing. • Delivers Road Safety education, training and publicity aimed at reducing casualty figures, and delivers cycle training to primary, secondary and special schools as well as adults. • Providing guidance on school travel plans the School Crossing Patrol Service • Planning and Development Function <ul style="list-style-type: none"> • Secures funding of offsite highway infrastructure improvements through S106 agreement linked to Planning permissions. • Provides Highway recommendations on planning applications by providing a highway assessment of the traffic impact of proposed developments. • Discharges the statutory duties of the Highway Authority in respect of new development proposals. • The team is responsible for securing funding of offsite highway infrastructure improvements as well as adoption of new roads within the Borough. • The team also processes stopping up orders; Highway Projection Licences and Development enquires relating to highway matters.
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		<ul style="list-style-type: none"> The team is also responsible for analysing highway condition data; prioritising and preparing Highway Planned Maintenance Programmes for carriageways and footways in the borough including Town Centre Schemes and also currently facilitates London Cycle Network schemes. Travel Planning Function Monitoring of Travel Plans (also secured by the S106 Process) and the development of the Council's own Travel Plan (this function will be carried out on the appointment of a Travel Plan Advisor). Supports schools with the development, implementation and monitoring of School Travel Plans, assesses travel and transport needs of children and young people, audits the sustainable travel and transport infrastructure within the London Borough of Barnet.
Consumer Protection	South Region	<ul style="list-style-type: none"> Environmental Health & Trading Standards Environmental Health Management <ul style="list-style-type: none"> Corporate Issues Service Development and Change Operational Activities Legal and Enforcement Issues Customer Services Staff Related Issues Safety Issues for Staff Liaison Also includes Trading Standards & Licensing in relation to the above Health & Safety at Work <ul style="list-style-type: none"> Regulation Special Treatments Licensing Food Safety & Standards <ul style="list-style-type: none"> Regulation Animal Health & Welfare <ul style="list-style-type: none"> Regulation Licensing Infectious Disease Control Drinking Water Quality Smoke Free Regulation Scientific Services <ul style="list-style-type: none"> Complex Statutory Nuisance Air Quality Contaminated Land Electromagnetic Radiation Pollution Prevention and Control Exhumations Public Health & Nuisance, including Noise

		<ul style="list-style-type: none"> Pest Control Private Sector Housing <ul style="list-style-type: none"> Mandatory DFG's Discretionary DFG's Maintaining a minimum standard in the private sector housing stock Housing complaints and advice Houses in Multiple Occupation, including licensing Licensing Caravan Sites Bringing empty properties back into residential use Immigration inspections Squats Working with Housing Associations Stock condition surveys Landlord's Forum Decent Homes Meeting the Housing Strategy and involvement in its renewal Barnet Care & Repair Service <ul style="list-style-type: none"> Assistance with renovation Approved contractors Financial assistance, loan provider Returning home Crime reduction Referral to other schemes and minor works Handyperson Promoting the services and maximising funding opportunities. Building Control – Deals with Building Regulations, dangerous structures, demolitions, street naming and numbering, structural design and the Considerate Contractor Scheme
Cemetery and Crematorium	United Kingdom	The delivery of cemetery and crematorium and related services including administration, burial, cremation, memorial management, ground maintenance and cremation memorial options in partnership with relevant council and external organisations.

Table 2 – Restricted Area

Council	Region	County
Buckinghamshire County Council	South East	Buckinghamshire County Council
Aylesbury Vale District Council	South East	Buckinghamshire County Council
Chiltern District Council	South East	Buckinghamshire County Council
South Bucks District Council	South East	Buckinghamshire County Council
Wycombe District Council	South East	Buckinghamshire County Council
East Devon District Council	South West	Devon
Exeter City Council	South West	Devon
Mid Devon District Council	South West	Devon
North Devon District Council	South West	Devon
South Hams District Council	South West	Devon
Teignbridge District Council	South West	Devon
Torridge District Council	South West	Devon
West Devon Borough Council	South West	Devon
Devon County Council	South West	Devon County Council
Dorset County Council	South West	Dorset County Council
East Dorset District Council	South West	Dorset County Council
North Dorset District Council	South West	Dorset County Council
Purbeck District Council	South West	Dorset County Council
West Dorset District Council	South West	Dorset County Council
Christchurch Borough Council	South West	Dorset County Council
Weymouth and Portland Borough Council	South West	Dorset County Council
East Sussex County Council	South East	East Sussex County Council
Lewes District Council	South East	East Sussex County Council
Rother District Council	South East	East Sussex County Council
Wealden District Council	South East	East Sussex County Council
Eastbourne Borough Council	South East	East Sussex County Council
Hastings Borough Council	South East	East Sussex County Council
Brighton & Hove City Council	South East	East Sussex County Council
Gloucestershire County Council	South West	Gloucestershire County Council
Cotswold District Council	South West	Gloucestershire County Council
Forest of Dean District Council	South West	Gloucestershire County Council
Stroud District Council	South West	Gloucestershire County Council
Cheltenham Borough Council	South West	Gloucestershire County Council
Gloucester City Council	South West	Gloucestershire County Council

Tewkesbury Borough Council	South West	Gloucestershire County Council
Hampshire County Council	South East	Hampshire County Council
East Hampshire District Council	South East	Hampshire County Council
Hart District Council	South East	Hampshire County Council
New Forest District Council	South East	Hampshire County Council
Basingstoke and Deane Borough Council	South East	Hampshire County Council
Eastleigh Borough Council	South East	Hampshire County Council
Fareham Borough Council	South East	Hampshire County Council
Gosport Borough Council	South East	Hampshire County Council
Havant Borough Council	South East	Hampshire County Council
Rushmoor Borough Council	South East	Hampshire County Council
Test Valley Borough Council	South East	Hampshire County Council
Winchester City Council	South East	Hampshire County Council
Isle of Scilly Council	South West	Isle of Scilly
Isle of Wight Council	South East	Isle of Wight
Kent County Council	South East	Kent County Council
Dover District Council	South East	Kent County Council
Sevenoaks District Council	South East	Kent County Council
Shepway District Council	South East	Kent County Council
Thanet District Council	South East	Kent County Council
Ashford Borough Council	South East	Kent County Council
Canterbury City Council	South East	Kent County Council
Dartford Borough Council	South East	Kent County Council
Gravesham Borough Council	South East	Kent County Council
Maidstone Borough Council	South East	Kent County Council
Swale Borough Council	South East	Kent County Council
Tonbridge and Malling Borough Council	South East	Kent County Council
Tunbridge Wells Borough Council	South East	Kent County Council
Camden	Inner London	N/A
City of London	Inner London	N/A
Hackney	Inner London	N/A
Hammersmith & Fulham	Inner London	N/A
Haringey	Inner London	N/A
Islington	Inner London	N/A
Kensington & Chelsea	Inner London	N/A
Lambeth	Inner London	N/A
Lewisham	Inner London	N/A

Newham	Inner London	N/A
Southwark	Inner London	N/A
Tower Hamlets	Inner London	N/A
Wandsworth	Inner London	N/A
Westminster	Inner London	N/A
Barking & Dagenham	Outer London	N/A
Barnet	Outer London	N/A
Bexley	Outer London	N/A
Brent	Outer London	N/A
Bromley	Outer London	N/A
Croydon	Outer London	N/A
Ealing	Outer London	N/A
Enfield	Outer London	N/A
Greenwich	Outer London	N/A
Harrow	Outer London	N/A
Havering	Outer London	N/A
Hillingdon	Outer London	N/A
Hounslow	Outer London	N/A
Kingston upon Thames	Outer London	N/A
Merton	Outer London	N/A
Redbridge	Outer London	N/A
Richmond upon Thames	Outer London	N/A
Sutton	Outer London	N/A
Waltham Forest	Outer London	N/A

Bracknell Forest Borough Council	South East	N/A
Medway Council	South East	N/A
Milton Keynes Council	South East	N/A
Portsmouth City Council	South East	N/A
Reading Borough Council	South East	N/A
Slough Borough Council	South East	N/A
Southampton City Council	South East	N/A
West Berkshire Council	South East	N/A
Windsor and Maidenhead Royal Borough Council	South East	N/A
Wokingham Borough Council	South East	N/A
Bath and North East Somerset Council	South West	N/A
Borough of Poole	South West	N/A
Bournemouth Borough Council	South West	N/A
Bristol City Council	South West	N/A
Cornwall Council	South West	N/A
North Somerset District Council	South West	N/A
Plymouth City Council	South West	N/A
South Gloucestershire Council	South West	N/A
Swindon Borough Council	South West	N/A
Torbay Council	South West	N/A
Wiltshire Council	South West	N/A
Oxfordshire County Council	South East	Oxfordshire County Council
Cherwell District Council	South East	Oxfordshire County Council
South Oxfordshire District Council	South East	Oxfordshire County Council
Vale of White Horse District Council	South East	Oxfordshire County Council
West Oxfordshire District Council	South East	Oxfordshire County Council
Oxford City Council	South East	Oxfordshire County Council
Somerset County Council	South West	Somerset County Council
Mendip District Council	South West	Somerset County Council
Sedgemoor District Council	South West	Somerset County Council
South Somerset District Council	South West	Somerset County Council
Taunton Deane District Council	South West	Somerset County Council
West Somerset District Council	South West	Somerset County Council
Surrey County Council	South East	Surrey County Council
Mole Valley District Council	South East	Surrey County Council
Tandridge District Council	South East	Surrey County Council
Elmbridge Borough Council	South East	Surrey County Council
Epsom and Ewell Borough Council	South East	Surrey County Council
Guildford Borough Council	South East	Surrey County Council
Reigate and Banstead Borough Council	South East	Surrey County Council
Runnymede Borough Council	South East	Surrey County Council
Spelthorne Borough Council	South East	Surrey County Council
Surrey Heath Borough Council	South East	Surrey County Council
Waverley Borough Council	South East	Surrey County Council
Woking Borough Council	South East	Surrey County Council
West Sussex County Council	South East	West Sussex County Council

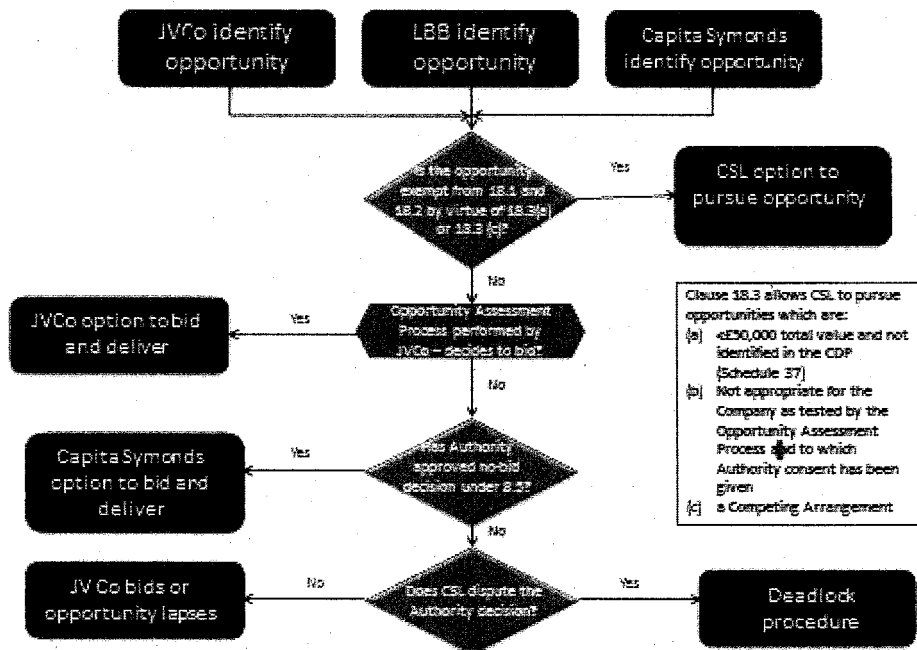
Adur District Council	South East	West Sussex County Council
Arun District Council	South East	West Sussex County Council
Chichester District Council	South East	West Sussex County Council
Horsham District Council	South East	West Sussex County Council
Mid Sussex District Council	South East	West Sussex County Council
Crawley Borough Council	South East	West Sussex County Council
Worthing Borough Council	South East	West Sussex County Council
Hertfordshire County Council	East	Hertfordshire County Council
Broxbourne Borough Council	East	Hertfordshire County Council
Dacorum Borough Council	East	Hertfordshire County Council
East Hertfordshire District Council	East	Hertfordshire County Council
Hertsmere Borough Council	East	Hertfordshire County Council
North Hertfordshire District Council	East	Hertfordshire County Council
St Albans District Council	East	Hertfordshire County Council
Stevenage Borough Council	East	Hertfordshire County Council
Three Rivers District Council	East	Hertfordshire County Council
Watford Borough Council	East	Hertfordshire County Council
Welwyn Hatfield District Council	East	Hertfordshire County Council
Essex County Council	East	Essex County Council
Basildon Borough Council	East	Essex County Council
Braintree District Council	East	Essex County Council
Brentwood Borough Council	East	Essex County Council
Castle Point Borough Council	East	Essex County Council
Chelmsford Borough Council	East	Essex County Council
Colchester Borough Council	East	Essex County Council
Epping Forest District Council	East	Essex County Council
Harlow District Council	East	Essex County Council
Maldon District Council	East	Essex County Council
Rochford District Council	East	Essex County Council
Southend on Sea Borough Council	East	Essex County Council
Tendring District Council	East	Essex County Council
Thurrock Council	East	Essex County Council
Uttlesford	East	Essex County Council
Bedford Borough Council	East	Bedfordshire County Council
Central Bedfordshire Council	East	Bedfordshire County Council
Luton Borough Council	East	Bedfordshire County Council

Schedule 5

Opportunity Assessment Process

- 1 The Company will assess opportunities under the processes set out in this Agreement and summarised in the flowchart below. In case of dispute the wording of the Agreement takes precedence over the flowchart.

Schedule 5 – Partnering Governance Flowchart for Opportunity Assessment



- 2 The JVA will use the following form for the Opportunity Assessment Process

Opportunity Assessment Form

Purpose

This form is designed to provide an initial assessment of an opportunity which the joint venture may wish to bid. The questions below provide the key information which the joint venture board require to decide whether or not to pursue an opportunity.

If you require any further information on how to complete this form, please contact a member of the joint venture management team. Supporting information on the joint venture target geography and markets can be found on [insert link to place on intranet site?]

Questions

The comments within the supporting information field are for guidance only. Please type over these comments when providing your response.

Question	Response	Supporting information
Is this opportunity within the joint venture target geography?	Y/N	i.e where will this work be delivered
Is this opportunity within the joint venture target markets?	Y/N	i.e. is this on the list of services the joint venture is providing
Is this opportunity specifically referred to within the joint venture business plan, or is it of a type which is identified as a target market by the joint venture business plan?	Y/N	
Is the opportunity expected to meet the profit requirements of the joint venture, as set out within the business plan?	Y/N	You may need to confirm this with the relevant business lead within the joint venture
Can the joint venture demonstrate the capacity and the capability to deliver this opportunity?	Y/N	
Does the likelihood of the joint venture winning this opportunity support the investment of resource by the joint venture in pursuing this opportunity?	Y/N	Consider any specific client feedback to date, potential benefits of bidding from public sector joint venture platform existing Capita track record and relationships, nature of contract arrangements, likely competitor offering

Where the responses to all the questions above are "Yes", the joint venture team will review and consider whether it wishes to develop this opportunity further.

If the response to any of the questions above is "No", the joint venture will not take this opportunity forward. This is subject to confirmation by the joint venture board, and consent from representatives of both shareholders

Redacted Sch 6 pages 82 - 83

Schedule 7

Annual Business Plan

The Annual Business Plan is not a review of the past year. It focuses on the forthcoming 12 month period and is the key tool by which the Shareholders will manage their stakeholding in the Joint Venture. It should set out plans and give early warning of any permissions the business will require from shareholders over the next 12 months, set out in fiscal quarters.

Contents

- Executive Summary
- Vision and Goals
- Review of past year
 - Customer satisfaction survey and relationship status report
 - Key statistics and performance indicators
 - Safety record and regulatory report
- Key Objectives for next year
 - Service improvements
 - Proposed new products / services
 - Proposals from Commercial Development Plans
 - Market analysis & new markets
 - Sales strategy & target customers
 - Asset strategy and investment
 - Any issues which may require Shareholder approval under Clause 8
- Three year objectives
 - Links to customers' MTFS
- Financial plan
- Risk management plan
- Staffing and people strategy

Proposed timing:

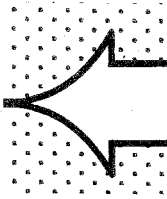
- Each year the draft business plan will be circulated for review by 1 January
- The business plan will be adopted by the JVA board no later than 1 March
- Progress against the plan will be measured quarterly, through JVA board meetings.
- Other issues relating to the plan will be discussed at JVA board meetings as required.

Firma Vaccin: 5 Aug. st 20

Cell reference to financial model

- Sheet C4, Column 6F
- Sheet C4, Column 6H
- Sheet C4, Column 6Y
- Sheet C4, Column 6U
- Sheet C4, Column 6I

signed by)
for and on behalf of)
Capita Symonds Limited)



signed by)
for and on behalf of)
Barnet (Holdings) Limited)

signed by)
for and on behalf of)
Capita BDRS Limited)