

Company No 03479981

"A"

Centrica Pension Trustees Limited

ARTICLES OF ASSOCIATION

(Adopted by written resolution passed
on 10 July 2020
on.....)



INDEX TO THE ARTICLES

	PAGE
Part 1 Interpretation and Limitation of Liability	1
1. Exclusion of other regulations and defined terms	1
2. Liability of members	2
Part 2 Directors	3
Directors' Powers and Responsibilities	3
3. Directors' general authority	3
4. Effect of altering the articles	3
5. Directors may delegate	3
6. Committees	3
Decision-Making by Directors	4
7. Directors to take decisions collectively	4
8. Unanimous decisions	4
9. Calling a directors' meeting	4
10. Participation in directors' meetings	5
11. Quorum for directors' meetings	5
12. Chairing of directors' meetings	5
13. Casting vote	5
14. Transactions or arrangements with the company	6
15. Conflicts of interest requiring board authorisation	6
16. Directors may vote when interested	7
17. Records of decisions to be kept	8
18. Directors' discretion to make further rules	8
19. Change of name	8
Appointment of Directors	8
20. Methods of appointing directors	8
21. Termination of director's appointment	8
22. Directors' remuneration	9
23. Directors' expenses	9
Alternate Directors	10
24. Appointment of alternate directors	10
Part 3 Shares and Distributions	10
Shares	10
25. All shares to be fully paid	10
26. Powers to issue different classes of share	10
27. Payment of commissions on subscription for shares	10

28. Exclusion of pre-emption rights	11
29. Company not bound by less than absolute interests	11
30. Share certificates	11
31. Replacement share certificates	11
32. Share transfers	12
33. Transmission of shares	12
34. Exercise of transmitters' rights	12
35. Transmitters bound by prior notices	13
Dividends and Other Distributions	13
36. Procedure for declaring dividends	13
37. Payment of dividends and other distributions	13
38. No interest on distributions	14
39. Unclaimed distributions	14
40. Non-cash distributions	15
41. Waiver of distributions	15
42. Distribution in specie on winding up	15
Capitalisation of Profits	15
43. Authority to capitalise and appropriation of capitalised sums	15
Part 4 Decision-Making by Shareholders	16
Organisation of General Meetings	16
44. Attendance and speaking at general meetings	16
45. Quorum for general meetings	17
46. Chairing general meetings	17
47. Attendance and speaking by directors and non-shareholders	17
48. Adjournment	17
Voting at General Meetings	18
49. Voting: general	18
50. Errors and disputes	18
51. Poll votes	18
52. Content of proxy notices	19
53. Delivery of proxy notices	20
54. Amendments to resolutions	20
55. Class meetings	20
Part 5 Administrative Arrangements	21
56. Means of communication to be used	21
57. When notice or other communication deemed to have been received	21

58.	Company seals	21
59.	No right to inspect accounts and other records	22
60.	Provision for employees on cessation of business	22
	Directors' Indemnity and Insurance	22
61.	Indemnity	22
62.	Insurance	22

Part 1

Interpretation and Limitation of Liability

1. Exclusion of other regulations and defined terms

- (1) No regulations or model articles contained in any statute or subordinate legislation, including those contained in Table A or the Model Articles, apply to the company

- (2) In the articles, unless the context requires otherwise

"articles" means the company's articles of association,

"associated company" has the meaning given in section 256 of the Companies Act 2006",

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy,

"capitalised sum" has the meaning given in article 43,

"chairman" has the meaning given in article 12,

"chairman of the meeting" has the meaning given in article 46,

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

"Conflict" has the meaning given in article 15,

"conflicts of interest" include a conflict of interest and duty and a conflict of duties and "interest" includes both direct and indirect interests and an interest of a person connected (as defined in sections 252 and 254 of the Companies Act 2006) with the director,

"contract" in articles 14 and 15 includes any proposed or existing transaction or arrangement (whether or not constituting a contract),

"director" means a director of the company, and includes any person occupying the position of director, by whatever name called,

"distribution recipient" has the meaning given in article 37,

"document" includes, unless otherwise specified, any document sent or supplied in electronic form,

"Employer Directors" means such directors as have been appointed by the shareholder,

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company,

"group company" means a subsidiary undertaking or parent undertaking of the company or a subsidiary undertaking of any parent undertaking of the company,

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares,

"Independent Director" means an individual or body corporate who has been appointed as an Employer Director and who is acting in the course of the business of being a trustee and under a contract for services as a professional trustee,

"instrument" means a document in hard copy form,

"Member Directors" means such directors as have been selected by the members of the Centrica Pension Scheme (as defined under the Rules of the Centrica Pension Scheme),

"MND Policy" has the meaning given in article 20(4),

"Model Articles" means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2009/3229) as amended prior to the adoption of these articles,

"paid" means paid or credited as paid,

"participate", in relation to a directors' meeting, has the meaning given in article 10,

"Permitted Situation" has the meaning given in article 15,

"persons entitled" has the meaning given in article 43,

"proxy notice" has the meaning given in article 52,

"shareholder" means a person who is the holder of a share,

"shares" means shares in the company,

"Specified Company" means (i) the company and all its group companies, (ii) Centrica plc and all its group companies, or (iii) any associated company of those companies specified in (i) or (ii)

"Table A" means Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (S 1 1985 No 805) (as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (S 1 1985 No 1 052), the Companies (Tables A to F) (Amendment) Regulations 2007 (S 1 2007 No 2541) and the Companies (Tables A to F) (Amendment) (No 2) Regulations 2007 (S1 2007 No 2826))

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law, and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise

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

2. Liability of members

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

Part 2

Directors

Directors' Powers and Responsibilities

3. Directors' general authority

Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company

4. Effect of altering the articles

No alteration of the articles invalidates anything which the directors have done before the alteration was made

5. Directors may delegate

- (1) Subject to the articles and, where applicable, the requirements of the Pensions Act 1995, the directors may delegate any of the powers which are conferred on them under the articles

- (a) to such person or committee,
- (b) by such means (including by power of attorney),
- (c) to such an extent,
- (d) in relation to such matters or territories, and
- (e) on such terms and conditions,

as they think fit

- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated

- (3) Where a provision in the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee

- (4) The directors may revoke any delegation in whole or part, or alter its terms and conditions

6. Committees

- (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors

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

Decision-Making by Directors

7. Directors to take decisions collectively

- (1) The general rule about decision-making by directors is that any decision of the directors must be decided by a majority vote both of the Member Directors and Employer Directors present and voting at a meeting or a decision taken in accordance with article 8
- (2) If only one director is eligible to vote on any authorisation required under article 15, the general rule does not apply, and the eligible director may take decisions in relation to the relevant matter without regard to any of the provisions of the articles relating to directors' decision-making

8. Unanimous decisions

- (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
- (2) Such a decision must take the form of a resolution in writing, at least one copy of which has been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing
- (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter and whose vote would have been counted had it been proposed as a resolution at a directors' meeting
- (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting

9. Calling a directors' meeting

- (1) All directors meetings, unless otherwise agreed by all the directors, will be held on 10 days' notice or otherwise in accordance with such requirements of the Pensions Act 1995 as may apply in respect of the company from time to time
- (2) Notice of any directors' meeting must indicate
 - (a) its proposed date and time,
 - (b) where it is to take place, and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company either before or after the date on which the meeting is held Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it

10. Participation in directors' meetings

- (1) Subject to the articles, directors "**participate**" in a directors' meeting, or part of a directors' meeting, when
 - (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is

11. Quorum for directors' meetings

- (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting
- (2) Subject always to article 7(2), the quorum necessary for the transaction of business at meetings of the directors shall be a minimum of four, of whom a minimum of two shall be Employer Directors and a minimum of two shall be Member Directors
- (3) If the total number of directors for the time being in office is less than the quorum required, the directors must not take any decision other than a decision
 - (a) to appoint further directors, or
 - (b) to call a general meeting so as to enable the shareholders to appoint further directors

12. Chairing of directors' meetings

- (1) The shareholder may appoint a Chairman and Deputy Chairman
- (2) The Chairman shall act as chairman of any meeting of the directors at which he is present but if he is not present the Deputy Chairman shall be chairman of the meeting
- (3) The shareholder may terminate the Chairman's and Deputy Chairman's appointments at any time
- (4) If neither the Chairman nor Deputy Chairman is participating in a directors' meeting within five minutes of the time at which it was to start, the participating directors may appoint one of themselves to chair it

13. Casting vote

If the numbers of votes at a meeting of directors for and against a proposal are equal (ignoring any votes which are to be discounted in accordance with the articles or the Companies Acts), the Chairman, Deputy Chairman or other director chairing the meeting shall not have a casting vote

14. Transactions or arrangements with the company

- (1) Subject to the Companies Acts, a director may, if he has declared the nature and extent of his interest where this is required by section 177 or section 182 of the Companies Act 2006 in accordance with the requirements of those sections
- (a) be a party to, or otherwise interested in, any contract with the company or in which the company is otherwise interested,
 - (b) be a director or other officer of, or employed by, or a party to any contract with, or otherwise interested in, any body corporate promoted by the company or in which the company is otherwise interested,
 - (c) be a director or other officer of, or employed by, or otherwise interested (including by the holding of shares) in any Specified Company,
 - (d) be a trustee, or a director or other officer of a corporate trustee, of any pension or benefit arrangement,
 - (e) act (or any firm of which he is a partner or employee may act) in a professional capacity for any Specified Company (other than as auditor) whether or not for remuneration or for any other benefit,
 - (f) be, or be connected or associated with a person who is, a member of, a beneficiary or otherwise entitled to be considered for benefits under any occupational pension scheme or benefit arrangement of which the company is a trustee or of which a Specified Company is a sponsoring employer,
 - (g) be a member of any other pension or benefits arrangement, or
 - (h) be a representative or member of a recognised trade union,
- (2) For the purposes of this article
- (a) a director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a director, officer or employee of any group company, and
 - (b) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such contract of the nature and extent so specified

15. Conflicts of interest requiring board authorisation

- (1) The directors may, subject to the quorum and voting requirements set out in the articles, authorise any matter which would otherwise involve a director breaching his duty under the Companies Acts to avoid conflicts of interest ("**Conflict**")
- (2) The directors may from time to time adopt such written conflicts of interest management policy as the Board may determine to be appropriate
- (3) Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a Conflict Such proposal and any authority given by the directors shall be effected in the same way that any other matter

may be proposed to and decided upon by the directors under the provisions of the articles save that the relevant director shall not count towards the quorum nor vote on any resolution giving such authority and save further that if there are insufficient directors eligible to vote and therefore to form a quorum, article 7(2) will apply

- (4) Where the directors give authority in relation to a Conflict
- (a) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded), and
 - (b) the directors may revoke or vary such authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority
- (5) Where the directors give authority in relation to a Conflict or where any of the situations referred to in article 14(1) ("**Permitted Situation**") applies
- (a) the directors may (whether at the relevant time or subsequently) (i) require that the relevant director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the directors or otherwise) related to the Conflict or Permitted Situation, and (ii) impose upon the relevant director such other terms for the purpose of dealing with the Conflict as it may determine,
 - (b) the relevant director will be obliged to conduct himself in accordance with any terms imposed by the board in relation to the Conflict or Permitted Situation, and
 - (c) the directors may provide that where the relevant director obtains (otherwise than through his position as a director of the company) information that is confidential to a third party, the director will not be obliged to disclose that information to the company, or to use or apply the information in relation to the company's affairs, where to do so would amount to a breach of that confidence provided that the relevant director acts in all material respects in accordance with the conflicts of interest policy adopted by the directors as replaced or amended from time to time
- (6) Provided that a director acts in all material respects in accordance with the conflicts of interest policy adopted by the directors as replaced or amended from time to time, he shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the company or the members for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a director having any such interest
- (7) The general duties that a director owes to the company under Sections 171 to 177 of the Companies Act 2006 are not infringed in relation to a Conflict or any other conflict of interest if the director acts in accordance in all material respects with any conflicts of interest policy adopted from time to time by the directors, and such a director may vote as a director on any matter to which the Conflict or other conflict of interest relates, subject to any provisions to the contrary or conditions in such a conflicts of interest policy

16. Directors may vote when interested

Subject where applicable to disclosure in accordance with the Companies Acts or the articles and subject to any terms imposed by the directors in relation to any Conflict or Permitted Situation, a director shall be entitled to vote in respect of any matter in which he

is interested directly or indirectly and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting he shall be taken into account in ascertaining whether a quorum is present

17. Records of decisions to be kept

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

18. Directors' discretion to make further rules

Subject to the articles and to the trust deed and rules of the Centrica Pension Scheme as amended from time to time, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors

19. Change of name

The company may change its name by a decision of the directors

Appointment of Directors

20. Methods of appointing directors

- (1) The number of directors (other than where casual vacancies arise) shall not be less than eight and not more than ten.
- (2) The directors will either be Member Directors or Employer Directors. At any time:
 - (a) at least two Employer Directors will be Independent Directors;
 - (b) the number of Employer Directors who are not Independent Directors shall not exceed the number of Member Directors; and
 - (c) the requirements of sections 241-243 of the Pensions Act 2004 will be satisfied.
- (3) The appointment or removal of any Employer Director shall be made by notice in writing, signed on behalf of the shareholder and delivered to the registered office. For this purpose, the signature of one of the shareholder's directors or its duly appointed representative shall suffice.
- (4) The appointment or removal of any Member Director shall be made by notice in writing, delivered to the registered office and otherwise in accordance with the procedure approved from time to time by members of the Centrica Pension Scheme or otherwise adopted for the purposes of the Pensions Act 2004 and regulations made under that Act (the "MND Policy")
- (5) The appointment or removal of any Employer Director or Member Director takes effect immediately on deposit of the notice or on such later date (if any) specified in the notice

21. Termination of director's appointment

A person ceases to be a director as soon as

- (a) if the Employer Director was a director or employee of Centrica plc or any of its associated companies when he became a director of the company and he ceases to hold such an office or employment,
- (b) if, in the case of a Member Director, the director ceases to be eligible to hold that office in accordance with the MND Policy,
- (c) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,
- (d) a bankruptcy order is made against that person,
- (e) a composition is made with that person's creditors generally in satisfaction of that person's debts,
- (f) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
- (g) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have,
- (h) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms,
- (i) that person has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that that person should cease to be director, and
- (j) notice of his removal is given in accordance with Article 20

22. Directors' remuneration

- (1) Directors may undertake any services for the company that the directors decide
- (2) Directors are entitled to such remuneration as the directors determine
 - (a) for their services to the company as directors, and
 - (b) for any other service which they undertake for the company
- (3) Subject to the articles, a director's remuneration may take any form
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day
- (5) Directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company, any group company or any other body corporate in which the company is interested, and the receipt of such benefit shall not disqualify any person from being a director of the company

23. Directors' expenses

- (1) The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company

- (2) Subject to the Companies Acts, the directors shall have power to make arrangements to provide a director with funds to meet expenditure incurred or to be incurred by him for the purpose of the company or for the purpose of enabling him properly to perform his duties as an officer of the company or to avoid him incurring any such expenditure

Alternate Directors

24. Appointment of alternate directors

No director may appoint an alternate director

Part 3

Shares and Distributions

Shares

25. All shares to be fully paid

- (1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue
- (2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum

26. Powers to issue different classes of share

- (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue further classes of shares with such rights or restrictions as may be determined by ordinary resolution or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the directors may decide
- (2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares
- (3) The rights, restrictions, terms and conditions attached to any shares issued pursuant to paragraph (1) or (2) of this article shall apply as if the same were set out in the articles

27. Payment of commissions on subscription for shares

- (1) The company may pay any person a commission in consideration for that person
 - (a) subscribing, or agreeing to subscribe, for shares, or
 - (b) procuring, or agreeing to procure, subscriptions for shares

- (2) Any such commission may be paid
 - (a) in cash, or in fully paid shares or other securities, or partly in one way and partly in the other, and
 - (b) in respect of a conditional or an absolute subscription

28. Exclusion of pre-emption rights

The pre-emption provisions in sections 561 and 562 of the Companies Act 2006 shall not apply to any allotment of equity securities made by the company

29. Company not bound by less than absolute interests

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it

30. Share certificates

- (1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds
- (2) Every certificate must specify
 - (a) in respect of how many shares, of what class, it is issued,
 - (b) the nominal value of those shares,
 - (c) that the shares are fully paid, and
 - (d) any distinguishing numbers assigned to them
- (3) No certificate may be issued in respect of shares of more than one class
- (4) If more than one person holds a share, only one certificate may be issued in respect of it
- (5) Certificates must
 - (a) have affixed to them the company's common seal, or
 - (b) be otherwise executed in accordance with the Companies Acts

31. Replacement share certificates

- (1) If a certificate issued in respect of a shareholder's shares is
 - (a) damaged or defaced, or
 - (b) said to be lost, stolen or destroyed,that shareholder is entitled to be issued with a replacement certificate in respect of the same shares
- (2) A shareholder exercising the right to be issued with such a replacement certificate

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates,
- (b) must return the certificate which is to be replaced to the company if it is damaged or defaced, and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide

32. Share transfers

- (1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor
- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share
- (3) The company may retain any instrument of transfer which is registered
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it
- (5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent

33. Transmission of shares

- (1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share
- (2) Subject to article 33(3), a transmittee who produces such evidence of entitlement to shares as the directors may properly require
 - (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder from whom the transmittee derived such entitlement had
- (3) Transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the event which gave rise to the transmission, unless they become the holders of those shares

34. Exercise of transmittees' rights

- (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it

- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred

35. Transmittees bound by prior notices

If a notice is given to a shareholder in respect of shares and a transmittee (or any person nominated under article 33(2) is entitled to those shares, the transmittee (and any person nominated under article 33(2) is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members

Dividends and Other Distributions

36. Procedure for declaring dividends

- (1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights
- (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares in the class in respect of which the dividend is paid on the date of the resolution or decision to declare or pay it. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights

37. Payment of dividends and other distributions

- (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means
 - (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide,
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address

specified by the distribution recipient either in writing or as the directors may otherwise decide,

- (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide, or
 - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide
- (2) In the articles, "**the distribution recipient**" means, in respect of a share in respect of which a dividend or other sum is payable
- (a) the holder of the share, or
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of members, or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee

38. No interest on distributions

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the company

39. Unclaimed distributions

- (1) All dividends or other sums which are
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the directors for the benefit of the company until claimed
- (2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it
- (3) If-
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company

40. Non-cash distributions

- (1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors or by a decision of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company)
- (2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution
 - (a) fixing the value of any assets,
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients, and
 - (c) vesting any assets in trustees

41. Waiver of distributions

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if

- (a) the share has more than one holder, or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share

42. Distribution in specie on winding up

If the company is wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by law, divide among the shareholders in specie the whole or any part of the assets of the company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability

Capitalisation of Profits

43. Authority to capitalise and appropriation of capitalised sums

- (1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution
 - (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of any of the company's reserves or funds, including but not limited to the share premium account, capital redemption reserve, merger reserve or revaluation reserve, and

- (b) appropriate any sum which they so decide to capitalise (a "**capitalised sum**") to the persons who would have been entitled to it if it were distributed by way of dividend (the "**persons entitled**") and in the same proportions
- (2) Capitalised sums must be applied
 - (a) on behalf of the persons entitled, and
 - (b) in the same proportions as a dividend would have been distributed to them
- (3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct
- (4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct
- (5) Subject to the articles the directors may
 - (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another,
 - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments), and
 - (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article

Part 4

Decision-Making by Shareholders

Organisation of General Meetings

44. Attendance and speaking at general meetings

- (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting
- (2) A person is able to exercise the right to vote at a general meeting when--
 - (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it

- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them

45. Quorum for general meetings

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum

46. Chairing general meetings

- (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so
- (2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start
 - (a) the directors present, or
 - (b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting

- (3) The person chairing a meeting in accordance with this article is referred to as "**the chairman of the meeting**"

47. Attendance and speaking by directors and non-shareholders

- (1) Directors may attend and speak at general meetings, whether or not they are shareholders
- (2) The chairman of the meeting may permit other persons who are not
 - (a) shareholders of the company, or
 - (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting

48. Adjournment

- (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it
- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if
 - (a) the meeting consents to an adjournment, or

- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting
- (4) When adjourning a general meeting, the chairman of the meeting must
 - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)
 - (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place

Voting at General Meetings

49. Voting: general

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles

50. Errors and disputes

- (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid
- (2) Any such objection must be referred to the chairman of the meeting, whose decision is final

51. Poll votes

- (1) A poll on a resolution may be demanded
 - (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared
- (2) A poll may be demanded by
 - (a) the chairman of the meeting,
 - (b) the directors,

- (c) two or more persons having the right to vote on the resolution,
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution, or
- (e) a person or persons holding shares in the company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right

A demand for a poll by a proxy counts, for the purposes of paragraph (c) above, as a demand by a member, for the purposes of paragraph (d) above, as a demand by a member representing the voting rights that the proxy is authorised to exercise, and, for the purposes of paragraph (e) above, as a demand by a member holding the shares to which those rights are attached

- (3) A demand for a poll may be withdrawn if
 - (a) the poll has not yet been taken, and
 - (b) the chairman of the meeting consents to the withdrawal
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs

52. Content of proxy notices

- (1) Proxies may only validly be appointed by a notice in writing (a "**proxy notice**") which
 - (a) states the name and address of the shareholder appointing the proxy,
 - (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed,
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine, and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions
- (4) Unless a proxy notice indicates otherwise, it must be treated as
 - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself

53. Delivery of proxy notices

- (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates
- (4) The directors may require the production of any evidence which they consider necessary to determine the validity of any proxy notice

54. Amendments to resolutions

- (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if
 - (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if
 - (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution

55. Class meetings

The provisions of the articles relating to general meetings shall apply, with any necessary modifications, to any separate general meeting of the holders of shares of a class. For this purpose, a general meeting at which no holder of a share other than an ordinary share may, in his capacity as a member, attend or vote shall also constitute a separate general meeting of the holders of the ordinary shares.

Part 5

Administrative Arrangements

56. Means of communication to be used

- (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours

57. When notice or other communication deemed to have been received

- (1) Any notice, document or information sent or supplied by the company to the shareholders or any of them
 - (a) by post, shall be deemed to have been received 24 hours after the time at which the envelope containing the notice, document or information was posted unless it was sent by second class post, or there is only one class of post, or it was sent by air mail to an address outside the United Kingdom, in which case it shall be deemed to have been received 48 hours after it was posted Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that the notice, document or information was sent,
 - (b) by being left at a shareholder's registered address, or such other postal address as notified by the shareholder to the company for the purpose of receiving company communications, shall be deemed to have been received on the day it was left,
 - (c) by electronic means, shall be deemed to have been received 24 hours after it was sent Proof that a notice, document or information in electronic form was addressed to the electronic address provided by the shareholder for the purpose of receiving communications from the company shall be conclusive evidence that the notice, document or information was sent, and
 - (d) by making it available on a website, shall be deemed to have been received on the date on which notification of availability on the website is deemed to have been received in accordance with this article or, if later, the date on which it is first made available on the website

58. Company seals

- (1) Any common seal may only be used by the authority of the directors
- (2) The directors may decide by what means and in what form any common seal is to be used

- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature
- (4) For the purposes of this article, an authorised person is
 - (a) any director of the company,
 - (b) the company secretary (if any), or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied

59. No right to inspect accounts and other records

Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder

60. Provision for employees on cessation of business

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary

Directors' Indemnity and Insurance

61. Indemnity

- (1) A director shall be entitled to an indemnity out of the assets of the Centrica Pension Scheme in accordance with the trust deed and rules of the Centrica Pension Scheme as amended from time to time
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law

62. Insurance

The directors may decide to purchase and maintain insurance in accordance with the trust deed and rules of the Centrica Pension Scheme as amended from time to time