

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION OF SOUTH WEST SMART APPLICATIONS LIMITED
TRADING AS SMART APPLICATIONS MANAGEMENT

(Amended by special resolution passed on 30 September 2015)

1 INTERPRETATION

1.1 In these articles, the following words and phrases have the meanings set out opposite them:

the "Act"	the Companies Act 2006;
"articles"	means the Company's articles of association;
"associate member"	means a non-voting member invited by SWSAL to participate, who is not an ordinary member in accordance with article 4.
"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;
"Board"	the board of directors of the Company, acting collectively;
"Business Day"	a day (other than a Saturday, Sunday or public holiday in the United Kingdom) when banks in the City of London are generally open for business;
"chairman"	has the meaning given in article 29;
"chairman of the meeting"	has the meaning given in article 9;
"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;
"Company"	South West Smart Applications Limited, a company incorporated in the United Kingdom and registered with company number 7205882 whose registered office is at 14 High Cross, Truro, Cornwall TR1 2AJ;
"director"	means a director of the Company, and includes any person occupying the position of director, by whatever name called;

“document”	includes, unless otherwise specified, any document sent or supplied in electronic form;
“electronic form”	has the meaning given in section 1168 of the Companies Act 2006;
“eligible director”	a director who would be entitled to vote on the matter at a meeting of the directors;
“Local Authority Director”	a director appointed by one or more Local Authority Members;
“Local Authority Member”	an ordinary member that is a local authority (being a unitary authority, district council or county council); or public sector body with operational concessionary transport responsibilities;
“member”	has the meaning given in section 112 of the Companies Act 2006;
“Operator Director”	a director appointed by one or more Operator Members;
“Operator Member”	an ordinary member who operates a passenger transportation business; and
“ordinary resolution”	has the meaning given in section 282 of the Companies Act 2006;
“participate”	in relation to a directors’ meeting, has the meaning given in article 26;
“proxy notice”	has the meaning given in article 16;
“special resolution”	has the meaning given in section 283 of the Companies Act 2006;
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006; and
“United Kingdom”	means the geographical areas of England, Wales, Scotland and Northern Ireland.
“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.

1.2 Save as otherwise specifically provided in these articles and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same 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 "**person**" includes a natural person, local authority, corporate or unincorporated body (whether or not having separate legal personality).
- 1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
- (a) any subordinate legislation from time to time made under it; and
 - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.7 Any phrase introduced by the terms "**including**", "**include**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2 LIABILITY OF MEMBERS

The liability of each member is limited to £1.00, being the amount that each member undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for:

- (a) payment of the Company's debts and liabilities contracted before he ceases to be a member,
- (b) payment of the costs, charges and expenses of winding up, and
- (c) adjustment of the rights of the contributories among themselves.

3 OBJECTS

The object for which the Company has been established is to assist with the development and implementation of schemes to deliver:

- (a) smart and integrated ticketing solutions for transportation networks; and
- (b) any other smart applications.

MEMBERS

4 CLASSES OF MEMBERSHIP

4.1 The Company shall have two classes of membership:

- (a) ordinary members; and
- (b) associate members,

and the members shall enjoy the rights set out in this article 4.

4.2 The ordinary members shall have the right to:

- (a) receive notice of, attend and speak at general meetings of the Company;
- (b) vote and be counted in the quorum at general meetings of the Company; and
- (c) appoint a person to be an observer with a right to attend and speak (but not vote) at meetings of the Board, provided always that:
 - (i) a Local Authority Member shall not be entitled to appoint an observer if one or more of the Local Authority Directors is an officer of that Local Authority Member; and
 - (ii) an Operator Member shall not be entitled to appoint an observer if one or more of the Operator Directors is an officer or employee of that Operator Member.
- (d) Receive the proportionate distribution of any assets upon the liquidation or dissolution of the Company in accordance with article 48.

4.3 The associate members shall have the right to:

- (a) receive notice of, attend and speak at general meetings of the Company; and
- (b) appoint a person to be an observer with a right to attend and speak (but not vote) at meetings of the Board,

provided that associate members shall not have the right to vote or be counted in the quorum at general meetings of the Company, and shall not be entitled to receive any distributed assets following the liquidation or dissolution of the Company.

4.4 Any surplus generated by the Company in any accounting period, will be retained within the Company and used in pursuit of the Objectives contained within in article 3. No member will be entitled to any distribution except on cessation or dissolution in accordance with article 48.

5 APPLICATIONS FOR MEMBERSHIP

No person shall become a member of the Company:

- (a) unless:
 - (i) that person has completed an application for membership in a form approved by the directors; and
 - (ii) the directors have approved the application; and
- (b) unless otherwise agreed by the members, that person is based (and has their head office) in the United Kingdom.

6 TERMINATION OF MEMBERSHIP

- 6.1 A member may withdraw from membership of the Company by giving 7 days' notice to the Company in writing.
- 6.2 Membership is not transferable.
- 6.3 A person's membership terminates when that person dies or ceases to exist.

DECISION MAKING BY MEMBERS

7 GENERAL MEETINGS

- 7.1 The Company shall hold at least two general meetings per calendar year; one of which shall be its annual general meeting.
- 7.2 At the annual general meeting the members shall discuss, among other business, whether an annual subscription should be payable by the ordinary members and, if so, the amount of such subscription.

8 ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

- 8.1 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.
- 8.2 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.

8.3 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.

8.4 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.

8.5 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.

9 QUORUM FOR GENERAL MEETINGS

9.1 The quorum for the transaction of business at a general meeting of the Company is ten ordinary members, to include at least:

- (a) two Operator Members; and
- (b) two Local Authority Members.

9.2 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.

10 CHAIRING GENERAL MEETINGS

10.1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

10.2 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 member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

10.3 The person chairing a meeting in accordance with this article is referred to as “**the chairman of the meeting**”.

11 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-MEMBERS

11.1 Directors may attend and speak at general meetings, whether or not they are members.

11.2 The chairman of the meeting may permit other persons who are not members of the Company to attend and speak at a general meeting.

12 ADJOURNMENT

12.1 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.

12.2 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.

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

12.4 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.

12.5 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.

12.6 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.

13 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.

14 ERRORS AND DISPUTES

14.1 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.

14.2 Any such objection must be referred to the chairman of the meeting whose decision is final.

15 POLL VOTES

15.1 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.

15.2 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; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

15.3 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.

15.4 Polls must be taken immediately and in such manner as the chairman of the meeting directs.

16 CONTENT OF PROXY NOTICES

16.1 Proxies may only validly be appointed by a notice in writing (a “**proxy notice**”) which:

- (a) states the name and address of the member appointing the proxy;
- (b) identifies the person appointed to be that member’s proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the member 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 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 the general meeting (or adjourned meeting) to which they relate.

16.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

16.3 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.

16.4 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.

17 DELIVERY OF PROXY NOTICES

17.1 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 and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting.

- 17.2 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.
- 17.3 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.
- 17.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

18 AMENDMENTS TO RESOLUTIONS

- 18.1 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.
- 18.2 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.
- 18.3 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.

DIRECTORS

19 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.

20 MEMBERS' RESERVE POWER

- 20.1 The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 20.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

21 DIRECTORS MAY DELEGATE

- 21.1 Subject to the articles, 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.
- 21.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 21.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

22 COMMITTEES

- 22.1 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.
- 22.2 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.

23 DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 23.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 24.

- 23.2 If:
- (a) the Company only has one director, and
 - (b) no provision of the articles requires it to have more than one director,
- the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

24 UNANIMOUS DECISIONS

- 24.1 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.
- 24.2 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.
- 24.3 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.

25 CALLING A DIRECTORS' MEETING

- 25.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- 25.2 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.
- 25.3 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 25.4 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 not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

26 PARTICIPATION IN DIRECTORS' MEETINGS

- 26.1 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.
- 26.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 26.3 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.

27 FREQUENCY OF DIRECTORS' MEETINGS

The Board shall meet no less than four times per calendar year.

28 QUORUM FOR DIRECTORS' MEETINGS

- 28.1 Subject to article 28.2, the quorum for the transaction of business at a meeting of directors is four eligible directors, to include at least:
- (a) two Operator Directors; and
 - (b) two Local Authority Directors.
- 28.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 32 to authorise a director's conflict, if there is only three or fewer eligible directors in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.
- 28.3 If the total number of directors in office for the time being 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 members to appoint further directors.
- 28.4 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

29 CHAIRING OF DIRECTORS' MEETINGS

- 29.1 Subject to the provisions of article 36.3, the chairman of the Board must be director of the Company who has been approved by the directors for the position, and shall be either:
- (a) an existing director;
 - (b) a person nominated by the directors who is not already a director; or
 - (c) a person who has been nominated by the directors following an external tender process.
- 29.2 The chairman shall remain as chairman for a maximum period of three years (subject to earlier resignation or removal by the Board), by which time the Board shall:
- (a) confirm his appointment for a further three-year term; or
 - (b) appoint a new chairman in accordance with the provisions of article 29.1.
- 29.3 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

30 CASTING VOTE

- 30.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- 30.2 But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

31 TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested;

- (b) shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested;
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested;
- (d) 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;
- (e) 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
- (f) 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.

32 DIRECTORS' CONFLICTS OF INTEREST

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

32.2 Any authorisation under this article 32 will be effective only if:

- (a) 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 or in such other manner as the directors may determine;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- (c) 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.

32.3 Any authorisation of a Conflict under this article 32 may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- (b) 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;
- (c) provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors vote in relation to any resolution related to the Conflict;
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
- (e) 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
- (f) 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.

32.4 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.

32.5 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.

32.6 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:

- (a) disclose such information to the directors or to any director or other officer or employee of the company; or
- (b) use or apply any such information in performing his duties as a director,

where to do so would amount to a breach of that confidence.

- 32.7 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 or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

33 RECORDS OF DECISIONS TO BE KEPT

- 33.1 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.
- 33.2 Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

34 DIRECTORS' DISCRETION TO MAKE FURTHER RULES

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

35 NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, the maximum number of directors (other than alternate directors) shall be nine, and the minimum shall be four (being two Operator Directors and two Local Authority Directors).

36 APPOINTMENT OF DIRECTORS

- 36.1 The Local Authority Members shall have the right, collectively, to appoint up to four persons to act as directors, provided that each such person is:
- (a) willing and able to act as a director;
 - (b) is permitted by law to act as a director; and
 - (c) is an officer of one of the Local Authority Members.
- 36.2 The Operator Members shall have the right, collectively, to appoint up to four persons to act as directors, provided that each such person is:

- (a) willing and able to act as a director;
- (b) is permitted by law to act as a director; and
- (c) is an officer or employee of one or more of the Operator Members.

36.3 Notwithstanding the provisions of articles 36.1 and 36.2, the Board may appoint a person who is willing to act as a director, and is permitted by law to do so, to fulfil the role of chairman of the Board in accordance with the provisions of article 29.

37 TERMINATION OF DIRECTOR'S APPOINTMENT

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

- (a) 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;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) in the case of a Local Authority Director, the Company receives notification of the removal of that Local Authority Director from a majority in number of the Local Authority Members; or
- (h) in the case of an Operator Director, the Company receives notification of the removal of that Operator Director from a majority in number of the Operator Members.

38 DEPUTIES

38.1 For each:

- (a) Local Authority Director in office, the Local Authority Members who have appointed such a director shall be entitled to nominate or remove a deputy director; and
- (b) Operator Director in office, the Operator Members who have appointed such a director shall be entitled to nominate or remove a deputy director,

(each, a “**Deputy**”), provided that the Company has received written notice (signed by the nominating member(s)) of the nomination or removal.

38.2 Any notice provided in accordance with article 38.1 must:

- (a) state the identity of the Deputy; and
- (b) in the case of a nomination, contain a statement, signed by the Deputy, that they are willing to act in such capacity.

38.3 All Deputies shall be entitled to receive notice of general meetings and meetings of the Board, but may only attend such a meeting if the director for whom they are deputising (the “**Main Director**”) is unable to attend the meeting.

38.4 In the absence of a Main Director, their Deputy shall be entitled to:

- (a) exercise the powers; and
- (b) carry out the responsibilities,

of the Main Director in relation to the taking of decisions by the directors.

38.5 A Deputy’s nomination is revoked:

- (a) when the Deputy’s appointor revokes the appointment by notice to the Company in writing specifying when it is to be revoked; or
- (b) on the occurrence, in relation to the Deputy, of any event which, if it occurred in relation to the Main Director, would result in the termination of the Main Director’s appointment as a director.

38.6 The provisions of articles 40.2, 40.3 and 40.5 shall apply to a Deputy as if they were an alternate director.

39 APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS

39.1 Any director (“**appointor**”) may (where, if they have a Deputy, their Deputy is unavailable) appoint as an alternate any other director, or any other person, to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

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

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

39.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

40 RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

40.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

40.2 Except as the articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointors; and
- (d) 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.

- 40.3 A person who is an alternate director but not a director:
- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
 - (b) may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and
 - (c) shall not be counted as more than one director for the purposes of articles 40.3(a) and (b).
- 40.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), and shall count as more than one director for the purposes of determining whether a quorum is present.
- 40.5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as his appointor but shall not be entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

41 TERMINATION OF ALTERNATE DIRECTORSHIP

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- (b) 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;
- (c) on the death of the alternate's appointor; or
- (d) when the alternate's appointor's appointment as a director terminates.

42 DIRECTORS' REMUNERATION

- 42.1 Directors may undertake any services for the Company that the directors decide.
- 42.2 Directors are entitled to such remuneration as the directors determine:
- (a) for their services to the Company as chairman of the Board; and
 - (b) for any other service which they undertake for the Company.

- 42.3 Subject to the articles, a director's remuneration may:
- (a) take any form; and
 - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- 42.4 Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- 42.5 Unless the directors decide otherwise, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

43 DIRECTORS' EXPENSES

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 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.

44 SECRETARY

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

ADMINISTRATIVE ARRANGEMENTS

45 MEANS OF COMMUNICATION TO BE USED

- 45.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address

within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

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

- 45.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act.

46 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 member.

47 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.

48 PROVISION FOR ORDINARY MEMBERS UPON LIQUIDATION OR DISSOLUTION OF THE COMPANY

Upon liquidation or dissolution of the Company and after payment of any debts or liabilities including any provisions made under Article 47, provisions will be made for any remaining assets to be distributed to current Ordinary

members in proportion to their contribution to SWSAL turnover since incorporation.

49 INDEMNITY

49.1 Subject to article 49.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer 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 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 (or any associated company's) affairs; and
- (b) 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 49.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

49.2 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.

49.3 In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a "**relevant officer**" means any director or other officer, or former director or other officer, of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

50 **INSURANCE**

50.1 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.

50.2 In this article:

- (a) a "**relevant officer**" means any director or other officer, or former director or other officer, of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor);
- (b) 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, any associated company or any pension fund or employees' share scheme of the company or associated company; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.