

Company no:

THE COMPANIES ACTS 1985 to 2006

**PRIVATE COMPANY LIMITED BY GUARANTEE
HAVING NO SHARE CAPITAL**

ARTICLES OF ASSOCIATION

of

THE WATER REGULATIONS ADVISORY SCHEME LIMITED

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THE WATER REGULATIONS ADVISORY SCHEME LIMITED

(the "Company")

DEFINITIONS AND INTERPRETATION

1 In these Articles:

"**Act**" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force and any provisions of the Companies Act 2006 for the time being in force.

"**Articles**" means the articles of association of the Company.

"**clear days**" means in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect

"**communication**" means the same as in the Electronic Communications Act 2000.

"**Crown Dependencies**" means the Bailiwick of Jersey, the Bailiwick of Guernsey and the Isle of Man

"**electronic communication**" means the same as in the Electronic Communications Act 2000

"**executed**" includes any mode of execution

"**Manager**" means the person who is principally responsible for the day-to-day running of the Company

"**Member**" means a member for the time being of the Company.

"**Memorandum**" means the memorandum of association of the Company

"**Northern Ireland Water**" means the Government-owned company appointed as the water and sewerage undertaker in Northern Ireland or its successors

"**Office**" means the registered office of the Company.

"Product Assessment Group" means a panel of experienced assessors drawn from the Water Supply Industry, being appointed by and reporting to the Technical Committee which, on behalf of the Members, assesses the compliance of water fittings and materials with the Water Regulations

"Scottish Water Suppliers" means all licensed suppliers of water in Scotland

"Secretary" means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company.

"Technical Committee" means a committee to advise the directors on technical issues relating to interpretation and enforcement of the Water Regulations which shall be constituted in accordance with the provisions of Article 53

"United Kingdom" or **"UK"** means Great Britain and Northern Ireland

"Water Council" means the Council of Water UK, the trade body of the UK water industry and any successors.

"Water Regulations" means the regulations or byelaws in force from time to time for the prevention of waste, misuse, undue consumption, contamination or erroneous measurement of water supplied by a UK water undertaker, at present being the Water Supply (Fittings) Regulations 1999, the Scottish Water Bylaws (2004) and the Water Regulations (Northern Ireland) 1991.

"Water Services Company" means any company appointed under licence to supply water and sewerage services in England by the Secretary of State for the Environment Food and Rural Affairs and regulated by the Water Services Regulation Authority and its successors

"Water Suppliers" means the Water Services Companies and the Water Supply-Only Companies

"Water Supply-Only Company" means any company appointed under licence to supply water services only in England by the Secretary of State for the Environment Food and Rural Affairs and regulated by the Water Services Regulation Authority and its successors

"Welsh Water Suppliers" means all water undertakers whose areas of appointment are wholly or mainly in Wales and are granted by the National Assembly of Wales.

Unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these Articles become binding on the Company

Reference to the singular includes the plural and vice versa

Reference to a person includes a legal or natural person, partnership, trust, company, government or local authority department or other body (whether corporate or unincorporate)

MEMBERS

- 2 The subscribers to the Memorandum and such other persons as are admitted to membership in accordance with these Articles shall be the Members Every person

who wishes to become a Member shall deliver to the Company an application for membership substantially in the form set out in the Appendix to these Articles or in such form as the directors may from time to time require

- 3 A Water Supplier, and any water supply organisation in the Crown Dependencies or any person which the directors from time to time decide shall be entitled to make an application for membership and, provided that the person qualifies for membership of the Company in accordance with the provisions of these Articles, the directors shall not be entitled to refuse to register the person as a Member.
- 4 A Member may at any time withdraw from the Company by giving at least one year's written notice to the Company.
- 5 A Member shall automatically cease to qualify to be and/or be a Member of the Company if
 - (a) the Member becomes bankrupt, or has a receiving order in bankruptcy made against them or makes a voluntary arrangement as defined in the Insolvency Act 1986,
 - (b) the Member is in liquidation, receivership, administration or otherwise insolvent within the meaning of section 123 of the Insolvency Act 1986 or the Enterprise Act 2002;
 - (c) the Member dies; or
 - (d) the directors resolve after giving the Member concerned a proper opportunity to be heard, that it is not in the interests of the Company that membership should continue.

MEMBERSHIP FEES

- 6 Each Member shall pay to the Company a contribution in consideration of the services provided by the Company in such proportions and in such manner as the board of directors may from time to time determine
- 7 The amount of such contributions shall be reviewed annually by the board of directors.
- 8 Contributions are due from Members for the entire period for which they remain as Members of the Company.
- 9 Any Member giving notice to withdraw from the Company in accordance with Article 4 shall not be entitled to receive any refund of contributions made while they were a Member.

GENERAL MEETINGS

- 10 The directors may call general meetings and, on the requisition of Members pursuant to the provisions of the Act, shall without delay proceed to convene a general meeting in accordance with the provisions of the Act. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any Member of the Company may call a general meeting.

NOTICE OF GENERAL MEETINGS

- 11 General meetings shall be called by at least 14 clear days' notice but a general meeting may be called by shorter notice if it is agreed by a majority in number of Members having a right to attend and vote being a majority together holding not less than 90% of the total votes of Members entitled to attend and vote at the meeting
- 12 The notice for any general meeting shall be given to all the Members and to the directors
- 13 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted
- 14 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 15 No business shall be transacted at a general meeting unless a quorum is present. The quorum is two, present in person or by proxy or by duly authorised corporate representative.
- 16 If a quorum is not present within half an hour from the time set for the meeting or if during the meeting a quorum ceases to be present, the meeting shall be adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine. If at the adjourned meeting a quorum is not present within half an hour from the time set for the meeting or if during the meeting a quorum ceases to be present, one Member shall form a quorum.
- 17 The chairman of the directors (if any) or in his or her absence some other director nominated by the directors shall preside as chairman of the meeting. If neither the chairman nor any such other director is present and willing to act within fifteen minutes after the time appointed for holding the meeting, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman
- 18 If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of their number to be chairman.
- 19 The chairman, may with the consent of the meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had adjournment not taken place
- 20 When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 21 In the case of an equality of votes on a show of hands, the resolution shall be deemed not to be passed.

VOTES OF MEMBERS

22 On a show of hands every Member present in person or by proxy shall have one vote. On a poll every Member present in person or by proxy shall have one vote

23 The appointment of a proxy shall be executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

The Water Regulations Advisory Scheme Limited

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

Signed on [●]."

24 Where it is desired to afford Members an opportunity of instructing the proxy how he shall act the appointment of a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

The Water Regulations Advisory Scheme Limited

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

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

Resolution no 1 *for *against

Resolution no 2 *for *against.

*Strike out whichever is not desired.

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

Signed this [●] day of [●]."

25 The appointment of a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may

(a) in the case of an instrument in writing, be deposited at the Office or at such other place within the United Kingdom specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

(b) in the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:

- (i) in the notice convening the meeting, or
- (ii) in any instrument of proxy sent out by the Company in relation to the meeting, or
- (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting,

be received at such address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote; or

and an appointment of proxy which is not deposited, delivered or received in a manner so permitted shall be invalid

In this Article and the next, "address" in relation to electronic communications, includes any number or address used for the purposes of such communications

- 26 A vote given by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting unless notice of the determination was received by the Company at the Office or at such other place at which the instrument of proxy was duly deposited, or where the appointment of the proxy was contained in an electronic communication, at the address at which such appointment was duly received before the commencement of the meeting or adjourned meeting at which the vote is given

NUMBER OF DIRECTORS

- 27 Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum but shall be not less than two.

APPOINTMENT AND RETIREMENT OF DIRECTORS

- 28 Without prejudice to Article 33 no person shall be appointed or reappointed a director at any general meeting unless

- (a) he is recommended by the directors; or
- (b) not less than 10 nor more than 35 clear days before the date appointed for the meeting, notice executed by a Member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed or reappointed.

- 29 Not less than five nor more than 28 clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the directors for appointment or reappointment as a director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or reappointment as a director. The notice shall give the particulars of that person which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors.

30 The company may by ordinary resolution appoint a person nominated in accordance with Articles 28 and 29 who is willing to act to be a director either to fill a vacancy or as an additional director.

31 The directors shall appoint a person to be the Manager. The appointee may be one of their number or a person who is not currently a director. In addition, the directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors.

32 Without prejudice to any other provision in these Articles, in addition to the chairman and any director validly appointed pursuant to Articles 30 and 31, the board of directors may at any given time contain.

- (a) the Manager;
- (b) not more than two representatives of the Water Services Companies provided that the Water Services Company from which any representative is chosen is currently a Member of the Company;
- (c) not more than two representatives of the Water Supply-Only Companies provided that the Water Supply-Only Company from which any representative is chosen is currently a Member of the Company;
- (d) one representative of Scottish Water Suppliers provided that the Scottish Water Supplier from which any representative chosen is currently a Member of the Company,
- (e) one representative of Welsh Water Suppliers provided that the Welsh Water Supplier from which any representative chosen is currently a Member of the Company; and
- (f) one representative of Northern Ireland Water provided that Northern Ireland Water is currently a Member of the Company;

and each of the persons listed in (a)-(f) above may require the board of directors to appoint directors pursuant to this Article 32.

33 The Water Council shall have the power by notice to the Company to appoint one director to act as such at any one time and any such appointment shall take effect not less than five clear days after notice of it has been received by the Company or (if later) on the date specified in the notice.

34 Without prejudice to Article 40, only the Water Council shall have the power to remove the director appointed pursuant to Article 33 from the board at any time by giving notice of such removal to the Company.

35 The period of service of each director shall be three years save that they shall be eligible for reappointment after the expiry of the three year service period.

RESPONSIBILITIES OF DIRECTORS

36 The directors shall be responsible for the operation of the Company and shall annually produce and send to members a report on thereon.

POWERS OF DIRECTORS

37 Subject to the provisions of the Act, the Memorandum and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the directors by the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

38 The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine.

DELEGATION OF DIRECTOR'S POWERS

39 The directors may delegate any of their powers to any committee consisting of one or more directors. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of directors so far as they are capable of applying.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

40 The office of a director shall be vacated if

- (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director, or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) he is, or may be, suffering from mental disorder and either:
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person to exercise powers with respect to his property or affairs; or
- (d) he resigns his office by notice to the Company; or
- (e) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated, or
- (f) he ceases to be employed by the relevant Water Supplier, Scottish Water Supplier, Welsh Water Supplier, Northern Ireland Water or the Water

Council (as the case may be) at whose request or by whom he was appointed pursuant to Article 32 or 33 (as applicable).

REMUNERATION OF DIRECTORS

- 41 The directors shall not be entitled to receive any remuneration for their services as directors unless the Company, by ordinary resolution, shall determine otherwise

DIRECTORS' EXPENSES

- 42 The directors shall not be entitled to claim any travelling, hotel, and other expenses incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings of the Company or otherwise in connection with the discharge of their duties except in exceptional circumstances and where approved by the board.

PROCEEDINGS OF DIRECTORS

- 43 Subject to the provisions of these Articles, the directors may regulate their proceedings as they think fit. A director may, and the Secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote

- 44 The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be two

- 45 The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting

- 46 The directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

- 47 The chairman of the board of directors shall be appointed and removed by the directors in accordance with Article 46 only after consultation with the Water Council unless the director holding such position is unwilling to preside or is not present within five minutes after the time appointed for the meeting

- 48 The Water Council may make a recommendation as to who should be appointed as chairman of the board of directors. The recommendation given by the Water Council is to be considered by the directors but is not intended to be binding on the directors. Any such recommendation by the Water Council should be made in writing.

- 49 All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to

vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote

- 50 A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors

DIRECTORS' APPOINTMENTS AND INTERESTS

- 51 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office.

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested,

(b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested, and

(c) shall not, by reason of his office, be accountable to the company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit

- 52 For the purposes of Article 51

(a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified, and

(b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his

TECHNICAL COMMITTEE

- 53 The directors may appoint a Technical Committee upon such conditions as they may think fit. The Technical Committee shall advise the directors on technical issues relating to the interpretation and enforcement of the Water Regulations and perform such other functions including the delegation of such functions to the Product Assessment Group, which will report to the Technical Committee, as the directors may from time to time decide

- 54 The directors may appoint a chairman of the Technical Committee and may at any time remove him from that position. Notwithstanding any other Article the chairman shall be entitled to attend at board meetings but shall not have the power to vote on any business to be decided (unless appointed to the board in accordance with Article 30)

TECHNICAL SUPPORT GROUPS

- 55 The directors may appoint regional Technical Support Groups upon such conditions and having such functions as the directors may from time to time determine

SECRETARY

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

MINUTES

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

ACCOUNTS

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

NOTICES

- 59 Any notice to be given to or by any person pursuant to these Articles shall be in writing except that a notice calling a meeting of the board need not be in writing. Any notice to be given to the Company shall, unless otherwise provided in these Articles, be delivered to the Office of the Company and marked "for the attention of the Company Secretary".
- 60 The Company may give any notice to a Member or director
- (a) personally;
 - (b) by delivering it by hand (which shall include by courier) to the address notified by the Member or director to the Company (or by leaving the notice at that address),
 - (c) by sending it by post to the address notified by the Member or director in writing to the Company,
 - (d) by facsimile transmission to a fax number notified by the Member or director to the Company, or
 - (e) by email
- 61 A Member or director present at any meeting of the Company or the board, respectively, shall be deemed to have received notice of the meeting and, where required, of the purposes for which it was called.
- 62 Where a notice or other document is

- (a) delivered personally or by hand, it shall be treated as being delivered at the time it is handed to or left for the Member or director;
- (b) sent by post in the United Kingdom, it shall be treated as being delivered on the first business day (or, where second-class mail is employed, the second business day) after the day when the envelope containing the notice is posted and, in proving such delivery, it shall be sufficient to prove that the envelope was properly addressed, stamped and posted;
- (c) sent by post to an address outside the United Kingdom, it shall be treated as being delivered on the third business day after the day when the envelope containing the notice is posted and, in proving such delivery, it shall be sufficient to prove that the envelope was properly addressed, stamped and posted, or
- (d) sent by facsimile transmission or electronic mail, it shall be treated as being delivered two hours after the time of despatch and, in proving such delivery, it shall be sufficient to prove that the facsimile transmission or the electronic mail was properly addressed and despatched.

WINDING UP

- 63 If the Company shall be wound up, then the provisions contained in clause 7 of the Memorandum of Association shall be performed and have effect in all respects as if the same were repeated in these Articles.

INDEMNITY

- 64 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.