

# ARTICLES OF ASSOCIATION

## OF

### REMUNERATION CONSULTANTS GROUP LIMITED

#### PRELIMINARY

1. The articles contained in schedule 2 of the Companies (Model Articles) Regulations 2008 shall apply to the company (the 'Model Articles') except in so far as they are modified or excluded by these Articles.
2. Articles 4, 9(2), 11, 12, 14, 17(1), 21, and 22(1) of the Model Articles shall not apply to the company.

#### DEFINITIONS

3. In these Articles:
  - 3.1. **Code** means a voluntary code of good practice for Remuneration Consultants comprising *inter alia* principles guidelines and recommendations.
  - 3.2. **Member Director** means a director who is not an Independent Director.
  - 3.3. **Fellow subsidiary undertaking** has the meaning given in section 1161(4) of the Companies Act 2006.
  - 3.4. **FTSE 350 Index** includes all the companies listed in the FTSE 100 UK Index and FTSE 250 UK index maintained by *FTSE International Limited*.
  - 3.5. **Independent Director** means a director who is not a member and not a Remuneration Consultant.
  - 3.6. A **person** includes a natural person, incorporated or unincorporated body (whether or not having separate legal personality).
  - 3.7. **Remuneration Consultant** means a person appointed to provide consulting advice to the Remuneration Committee of a company listed on the London Stock Exchange.
  - 3.8. **Requisite Number** means the minimum number of current appointments as adviser to the remuneration committee of companies in the FTSE 350 Index which the company from time to time may by ordinary resolution decides must be held by a member (and which at the date of adoption of these Articles is 5\*) as a requirement for a member to have the right to vote at a general meeting of the company and for other purposes.
  - 3.9. **Subsidiary undertaking**, and **parent undertaking**, have the meanings given in section 1162 of the Companies Act 2006.
  - 3.10. **UK Premium Listed Company** means a company whose shares are listed on the Premium Listed segment of the London Stock Exchange's main market.
  - 3.11. Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

## **OBJECTS**

4. The objects of the company are by any means to develop and create and whenever necessary or desirable to review amend and revise the Code and to publish and promote the Code.

## **DIRECTORS**

5. Unless otherwise determined by ordinary resolution the number of directors (other than alternate directors) shall be not be more than seven.
6. There shall be no more than three Independent Directors and no more than four Member Directors.
7. Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be an Independent Director either to fill a vacancy or as an additional director by a decision of the directors.
8. Any individual who is willing to act as a director and who is employed by or is a partner or director of a member may be nominated by that member, and is permitted by law to do so, may be appointed to be a Member Director either to fill a vacancy or as an additional director by ordinary resolution of the company.
9. The directors may appoint a director to chair their meetings and
  - 9.1. The person so appointed for the time being is known as the chairman,
  - 9.2. The directors may terminate the chairman's appointment at any time, and
  - 9.3. 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.
10. There shall be inserted after the end of article 18(f) of the Model Articles the following words:

"(g) that person ceases to be an employee, partner or director of the member which nominated him for election to such office; and

(h) the member in respect of which that person is an employee, partner or director ceases to be a member".
11. The directors may from time to time to make, repeal or amend regulations as to the categories of membership and the conditions, rights and obligations relating to such categories of membership (including, without limitation, the levying and rates of annual subscriptions), the management of the company and the conduct of business by the directors and any committees.
12.
  - 12.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
  - 12.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than three, including at least one Member Director and at least one Independent Director, and unless otherwise fixed it is three

**12.3** If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision

**12.3.1** to appoint further directors, or

**12.3.2** to call a general meeting so as to enable the members to appoint further directors.

#### **MEMBERS**

**13.** No person shall become a member of the company unless that person –

**13.1.** is a Remuneration Consultant;

**13.2.** in the 12 month period before the date of its application form delivered in accordance with Article 13.3, has advised the remuneration committee (or equivalent) of one or more U.K Premium Listed Companies (at the time the advice was given) and been named as such in the directors' remuneration report of at least one such company or is able to satisfy the Board that it will be so named in the directors' remuneration report next to be published;

**13.3.** has completed an application for membership in a form approved by the directors by which that person

**13.3.1.** confirms the facts required by Articles 13.1 and 13.2;

**13.3.2.** commits to pay the then current annual membership fee appropriate to that person for the year in which that person becomes a member and the annual membership fee determined at any time for each subsequent year,

**13.3.3.** being a natural person, commits to discuss the Code, on appointment as adviser to the remuneration committee, with the chair of the remuneration committee, or

**13.3.4.** commits to procuring that it and/ or its Remuneration Consultants will discuss the Code, on appointment as adviser to the remuneration committee, with the chair of the remuneration committee; and

**13.3.5.** undertakes with the company to notify the directors in writing promptly and in any event within 14 days whenever the number of its current appointments as adviser to the remuneration committee of U.K Premium Listed Companies reaches or falls below the Requisite Number or is reduced to zero; and

**13.4.** the directors have approved the application.

**14.** No person which is not a natural person shall become a member if it is a subsidiary undertaking or parent undertaking or fellow subsidiary undertaking of a member.

**15.** Members may resign from membership of the company by giving not less than seven days' notice to the company in writing.

**16.** On ceasing to be a member for any reason a member shall not be entitled to receive any repayment of any part of the annual membership fees paid and shall remain liable to pay the annual membership fees which are not paid up at the date the member ceases to be a member.

**17.** There shall be inserted after the end of article 22 (3) of the Model Articles the following words;

"(4) If any subscription or other sum is not paid on the due date and remains unpaid 30 days after the company has served notice on the member that it will be removed from membership if the subscription is not paid within 30 days of the service of the notice, a member's membership terminates upon expiry of the said 30 day period.

(5) If, at a meeting of the directors at which no less than half the directors are present, or by a written resolution signed by all members other than the member which is the subject of the resolution, a resolution is passed resolving:

(i) that a member, or one or more of its Remuneration Consultants, has failed to meet the standards of behaviour which, in the opinion of the Board it is reasonable to expect of a member, or

(ii) that the number of current appointments of the member as adviser to the remuneration committee of U.K Premium Listed Companies has fallen to zero, then that member's membership terminates upon being served with a copy of the resolution."

**18.** There shall be inserted at the beginning of article 23(2) of the Model Articles the words "Subject to the member having at the date of the vote the Requisite Number of current appointments as adviser to the remuneration committee of companies in the FTSE 350 Index".

**19.** The directors may from time to time determine in their absolute discretion by reference to any matter which they consider to be relevant, including without limitation, the number of current appointments as adviser to the remuneration committee of companies in the FTSE 350 Index held by a member and/or the amount of the annual membership fees paid by a member, the number of votes that each member may be entitled to cast on resolutions of the company.

**20.** There shall be inserted at the end of article 24 of the Model Articles the words "The quorum for members' meetings is three".

#### **ADMINISTRATIVE ARRANGEMENTS**

**21.** If upon the winding up or dissolution of the company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever the same shall be paid or distributed, proportionate to the average fees paid by each member over the previous three years, to those members which had the Requisite Number of appointments as adviser to the remuneration committee of companies in the FTSE 350 Index both at the date on which the last annual subscriptions were determined by the directors and at the date any resolution or order for dissolution was made.