

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY GUARANTEE WITHOUT A SHARE CAPITAL

**ARTICLES OF ASSOCIATION
OF
FUTURE WATER ASSOCIATION¹**

**Adopted by Special resolution passed on 21st April,
2016**

**PART 1
INTERPRETATION AND LIMITATION OF LIABILITY**

1. Interpretation

- 1.1. In these Articles (unless the context requires otherwise) the following words have the following meanings:

"Act"	means the Companies Act 2006 (including any statutory modification or re-enactment thereof for the time being in force);
"Articles"	means these articles of association as amended from time to time;
"Associated Company"	means, in relation to a company, a subsidiary or subsidiary undertaking or holding company or parent undertaking for the time being of that company or a subsidiary or subsidiary undertaking for the time being of such a holding company or parent undertaking and references to any company being associated with another company shall be construed accordingly;
"Board"	means the board of directors for the time being of the Company or any duly constituted and authorised committee of it;

¹ Name changed by special resolution dated 24 June 2015 from "Society of British Water and Wastewater Industries"

"Company"	means one company intended to be governed by these articles and called "Future Water Association";
"Director"	means a director of the Company, and includes any person occupying the position of a director of the Company, by whatever name called (and the definition of director in article 1 of the Model Articles shall be modified accordingly);
"Eligible Director"	means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter); and
"Model Articles"	means the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles;

- 1.2. The Model Articles shall apply to the Company save insofar as they are excluded by, or varied in, or are otherwise inconsistent with these Articles.
- 1.3. Save as otherwise specifically provided in these Articles (and unless the context requires otherwise), words and expressions which are given meanings in the Model Articles shall have the same meanings in these Articles, subject to which (and unless the context requires otherwise), words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.4. Articles 9(3), 14(1), (2), (3) and (4), 15, 24, 30(2), 35, 38 and 39 of the Model Articles shall not apply to the Company.
- 1.5. Article 7 of the Model Articles shall be amended by:
 - 1.5.1. the insertion of the words "*for the time being*" at the end of article 7(2)(a); and
 - 1.5.2. the insertion in article 7(2) of the words "*(for so long as he remains the sole director)*" after the words "*and the director may*".
- 1.6. Article 9(1) of the Model Articles shall be amended by the insertion of the words "*or any other person*" after the words "the company secretary (if any)".
- 1.7. Article 20 of the Model Articles shall be amended by the insertion of the words "*(including alternate directors) and the company secretary (if any)*" before the words "*properly incur*".

2. Objects

The objects of the Company shall be:

- 2.1. Shape the future of the water sector;
- 2.2. Provide a clear voice for business;
- 2.3. Create a dynamic, informed and fully integrated sector;
- 2.4. Enable innovation and thought leadership through collaboration;
- 2.5. Promote societal benefit, meeting customer expectations;
- 2.6. Promote sustainability through technical and environmental excellence;
- 2.7. Inspire the next generation to be future custodians of the sector; and
- 2.8. Influence Governments' thinking and policy.

3. Income

- 3.1. The income and property of the Company from wherever derived shall be applied solely in promoting the Company's objects.
- 3.2. No distribution shall be paid or capital otherwise returned to the Members in cash or otherwise. Nothing in these Articles shall prevent any payment in good faith by the Company of:
 - 3.2.1. reasonable and proper remuneration to any member, officer or servant of the Company for any services rendered to the Company;
 - 3.2.2. any interest on money lent by any member or any director at a reasonable and proper rate;
 - 3.2.3. reasonable and proper rent for premises demised or let by any member or director; or
 - 3.2.4. reasonable out-of-pocket expenses properly incurred by any director.

4. Winding up

- 4.1. On the winding-up or dissolution of the Company, after provision has been made for all its debts and liabilities, any assets or property that remains available to be distributed or paid, shall not be paid or distributed to the members (except to a member that qualifies under this Article) but shall be transferred to another body (charitable or otherwise) with objects similar to those of the Company. Such body to be determined by resolution of the members at or before the time of winding up or dissolution and, subject to any such resolution of the members, may be made by resolution of the directors at or before the time of winding up or dissolution.

5. Number of directors

Unless and until otherwise determined by the Company by ordinary resolution, the number of directors (other than alternate directors) shall be not less than one in number. The Company may from time to time by ordinary resolution fix a maximum number of directors and from time to time vary that maximum number.

6. Calling a directors' meeting

Notices of meetings of directors shall be given to all directors and to any alternate directors appointed by them. Any such notice shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing (including by electronic communication) to him at his last known address or at any other address given by him to the Company for this purpose, or by any other means authorised in writing by the director concerned. A director absent or intending to be absent from the United Kingdom may request that notices of meetings of the directors shall, during his absence, be sent in writing to him at an address given by him to the Company for this purpose. Article 9 of the Model Articles shall be varied accordingly.

7. Quorum for directors' meetings

- 7.1. The quorum for the transaction of business at a meeting of directors is any two Eligible Directors or in the event of there being a single director, that director.
- 7.2. For the purposes of any meeting (or part of a meeting) held pursuant to Article 6(1) to authorise a director's conflict, if there is only one Eligible Director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

8. Transactions and other arrangements with the Company

- 8.1. 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 Act and Article 5(2), a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company.
 - 8.1.1. 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;
 - 8.1.2. shall be an Eligible Director for the purposes of, and be counted in the quorum in relation to, any proposed decision of the Board in respect of such existing or proposed transaction or arrangement in which he is interested;
 - 8.1.3. 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 existing or proposed transaction or arrangement in which he is interested;
 - 8.1.4. may be or become a director or other officer of, employed by or be party to any transaction or arrangement with, or otherwise interested in, any company, firm or body or other entity (whether incorporated or unincorporated) (in any case, a "**Relevant Entity**") in which a proprietary or other interest is held by the Company, any Associated Company of the Company or any Relevant Entity in which the Company or any associated company of the Company may be interested or as regards which it has any power of appointment. The Board may also cause any voting power

in any Relevant Entity held or owned by the Company or any associated company of the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit, including the exercise of the voting power or power of appointment in favour of the appointment of the directors or any of them as directors or officers (or equivalent office holders) of the Relevant Entity, or in favour of the payment of remuneration to the directors or officers (or equivalent office holders) of the Relevant Entity; and

- 8.1.5. shall not, save as he may otherwise agree, be accountable to the Company or any associated company of the Company for any remuneration, profit or other benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction, arrangement, office, directorship, employment or interest referred to in paragraph (a) and (d) of this Article 5(1) and no such transaction or arrangement nor any contract arising therefrom or related thereto shall be liable to be avoided on the grounds of any such interest, profit 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.
- 8.2. A director who is in any way (directly or indirectly) interested in a proposed transaction or arrangement with the Company shall declare the nature of his interest to the other directors:
 - 8.2.1. at a meeting of the directors; or
 - 8.2.2. by a notice in writing in accordance with section 184 of the Act; or
 - 8.2.3. by a general notice in accordance with section 185 of the Act,prior to that transaction or arrangement being entered into by the Company (where section 177 of the Act applies) or as soon as required by section 182 of the Act, where that section applies. If a declaration of interest under this Article proves to be, or becomes, inaccurate or incomplete, a further declaration must be made. This Article 5(2) does not require a declaration of an interest of which the director is not aware or where the director is not aware of the transaction or arrangement in question. For this purpose a director shall be deemed to be aware of matters of which he ought reasonably to be aware. A director need not declare an interest in the circumstances set out in section 177(6) or section 182(6) of the Act, as applicable.
- 8.3. A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period (subject to the provisions of the Act) and upon such other terms as the Board may decide, and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Board may decide, either in addition to or in lieu of any remuneration provided for by or pursuant to any other Article.

9. Directors' conflicts of interest

- 9.1. The Board may resolve in accordance with sections 175(5) sections 175(5)(a) and 175(6) of the Act (as if it applied irrespective of the date of incorporation of the Company) to authorise a director to enter into a specific

situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, as described in section 175(1) of the Act (a "**Conflict Situation**").

- 9.2. Any authorisation under this Article will be effective only if:
- 9.2.1. any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question; and
 - 9.2.2. the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.

- 9.3. Any authorisation of a Conflict Situation under this Article may (whether at the time of giving the authorisation or subsequently);
- 9.3.1. extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
 - 9.3.2. be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine; and
 - 9.3.3. be terminated or varied by the directors at any time.

This will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.

- 9.4. In authorising a Conflict Situation 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 Situation 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:
- 9.4.1. disclose such information to the directors or to any director or other officer or employee of the company; or
 - 9.4.2. 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.

- 9.5. Where the directors authorise a Conflict Situation they may (whether at the time of giving the authorisation or subsequently) provide, without limitation, that the director:
- 9.5.1. is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict Situation;
 - 9.5.2. is not given any documents or other information relating to the Conflict Situation; and
 - 9.5.3. may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict Situation.

- 9.6. Where the directors authorise a Conflict Situation, the director the subject of such Conflict Situation will;
- 9.6.1. be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict Situation; and
 - 9.6.2. pursuant to section 180(4)(b) of the Act, not have breached his general duties as set out in sections 171 to 177 of the Act to the extent that he complies with such terms and the other provisions of these Articles relating to Conflict Situations.
- 9.7. Any director the subject of a Conflict Situation envisaged by Article 6(2) shall be entitled to receive notice (including any relevant board papers) of, attend, count in the quorum towards and vote at board meetings relating in any way to, and deal generally with, matters concerning, connected with or arising from the Conflict Situation concerned.

10. Appointment and removal of alternate directors

- 10.1. Any director other than an alternate director ("**appointor**") may appoint (and remove any alternate so appointed) as an alternate any other person (whether or not a director) to:
- 10.1.1. exercise that director's powers; and
 - 10.1.2. carry out that director's responsibilities,
- in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.
- 10.2. Any appointment or removal of an alternate must be effected by notice in writing (including by electronic communication) identifying the alternate director concerned and will take effect on the later of:
- 10.2.1. the date that the Company is served with the notice; and
 - 10.2.2. the date specified in the notice as being the appointment or removal date of the alternate.
- 10.3. In the case of an appointment of an alternate director, he must confirm in writing to the Company his willingness to act as the alternate of the appointor.
- 10.4. An alternate director's appointment as an alternate terminates:
- 10.4.1. if his appointor revokes his appointment by notice to the Company in writing (including by electronic communication) specifying when it is to terminate; or
 - 10.4.2. if any event happens in relation to him which, if he were a Director, would cause his office as Director to be vacated; or
 - 10.4.3. if his appointor ceases to be a director for any reason.

11. Alternate directors

- 11.1. 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.
- 11.2. Except as the Articles specify otherwise, alternate directors:
 - 11.2.1. are deemed for all purposes to be directors;
 - 11.2.2. are liable for their own acts and omissions;
 - 11.2.3. are subject to the same restrictions as their appointors; and
 - 11.2.4. are not deemed to be agents of or for their appointorsand, 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.
- 11.3. A person who is an alternate director but not a director:
 - 11.3.1. 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 and is entitled to be counted);
 - 11.3.2. 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
 - 11.3.3. may be counted separately for the purposes of Articles 8(3)(a) and 8(3)(b) in respect of each of his appointors and be entitled to a separate vote for each such appointor as is an Eligible Director.
- 11.4. A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of each of his appointors, in addition to his own vote on any decision of the directors (provided that such appointor is an Eligible Director in relation to that decision).
- 11.5. An alternate director is not 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.

12. Secretary

The directors may from time to time appoint or remove any person who is willing to act as the secretary of the Company on such terms as they think fit. If at any time there is no secretary or for any reason no secretary capable of acting, the directors may appoint an assistant or deputy secretary.

13. Change of name of the company

In addition to any other method available under the Act for effecting a change of name of the Company, the Company's name may (subject to compliance with section 79 of the Act) be changed by resolution of its Board.

14. Membership

14.1. No person shall become a member of the Company unless:

14.1.1. that person shall be a company, partnership and other trading bodies or individuals whose contracting, engineering, manufacturing operations, consultants and associated support services interests are, in the opinion of the Board, of such a nature that membership of the Company is considered appropriate;

14.1.2. that person has signed a written consent in a form approved by the directors to become a member or, in the case of two or more persons who are together one Tenant, each of those persons has signed a written consent to become a member; and

14.1.3. the directors have approved the application.

14.2. Membership shall not be transferable.

15. Subscriptions

15.1. Each member shall pay an annual subscription proposed by the directors of the Company.

15.2. Subscriptions shall be due on 1 January in each year for the year ending on 31 December following and shall be paid to the Company. Any members whose subscription is not paid to the Company by 1 April in each year shall be reported to the directors, who may take such action as they consider appropriate which may include suspension of or termination of membership.

16. Termination of membership

A member withdrawing its membership shall not be entitled to any refund of any part of the annual subscription fee for the relevant year and shall be liable to pay the balance of any subscriptions due for that particular year.

17. Expulsion of member

17.1. The directors may terminate the membership of any member without his consent by giving the member written notice if, in the reasonable opinion of the directors, the member:

17.1.1. is guilty of conduct which has or is likely to have a serious adverse effect on the Company or bring the Company or any or all of the members and directors into disrepute; or

17.1.2. has acted or has threatened to act in a manner which is contrary to the interests of the Company as a whole; or

17.1.3. has failed to observe the terms of these Articles and any rules adopted by the Company.

17.2. Following such termination, the member shall be removed from the Register of Members.

17.3. The notice to the member must give the member the opportunity to be heard in writing or in person as to why his membership should not be terminated. The directors must consider any representations made by the member and inform the member of their decision following such consideration. There shall be no right to appeal from a decision of the directors to terminate the membership of a member.

17.4. A member whose membership is terminated under this Article shall not be entitled to a refund of any subscription or membership fee and shall remain liable to pay to the Company any subscription or other sum owed by it.

18. Quorum for general meetings

18.1. 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. The presence of any one qualifying person when the Company has only one member shall constitute a quorum; otherwise, the quorum shall be any two qualifying persons. For the purposes of this Article 11(1) and Article 12 "**qualifying person**" has the meaning given to it in section 318(3) of the Act.

18.2. If at any adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, or if during an adjourned meeting such a quorum ceased to be present, the meeting shall stand dissolved.

19. Poll votes

A poll may be demanded at any general meeting by:

19.1. any qualifying person present and entitled to vote at the meeting; or

19.2. any director; or

19.3. the chairman.

20. Notice

20.1. Any notice shall be deemed to be served on or delivered to the intended recipient:

20.1.1. if sent by prepaid United Kingdom first class post to an address in the United Kingdom, 24 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, in each case if sent by reputable international overnight courier addressed to the intended recipient);

20.1.2. if sent by electronic means, one hour after the document or information was sent;

20.1.3. if delivered by hand, when it is left at the address at which lawful service of the intended recipient may be effected; and

20.1.4. if sent or supplied by means of a web site, when the material is first made available on the web site or (if later) when the recipient

receives (or is deemed to have received) notice of the fact that the material is available on the web site.

- 20.2. For the purposes of this article, any notice delivered after 5pm on any business day or at any time on any non-business day shall be deemed to have been received at 9 a.m. on the following business day.

21. Rules

The directors may establish rules governing matters relating to Company administration that are required from time to time for the effective operation of the Company (for example, the provisions relating to classes of members, membership fees and subscriptions and the admission criteria for members). If there is a conflict between the terms of these Articles and any rules established under this Article, the terms of these Articles shall prevail.

22. Indemnity

- 22.1. Subject to and to the fullest extent permitted by the Act, but without prejudice to any indemnity to which he may be otherwise entitled:

22.1.1. every director and alternate director (and every director or alternate director of any associated company of the Company) (each a "**Relevant Officer**") shall be indemnified out of the assets of the Company against all costs and liabilities incurred by him in relation to any proceedings (whether civil or criminal) or any regulatory investigation or action which relate to anything done or omitted or alleged to have been done or omitted by him in his capacity as such save that no such person shall be indemnified (whether directly or indirectly):

22.1.1.1. for any liability incurred by him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any associated company of the Company (as defined in section 256 of the Act for these purposes);

22.1.1.2. for any fine imposed in criminal proceedings which have become final;

22.1.1.3. for any sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature howsoever arising;

22.1.1.4. for any liability incurred by him in defending any criminal proceedings in which he is convicted and such conviction has become final;

22.1.1.5. for any liability incurred by him in defending any civil proceedings brought by the Company or an associated company of the Company in which a final judgment has been given against him; and

22.1.1.6. for any liability incurred by him in connection with any application under sections 661(3) or (4) or 1157 of the

Act in which the court refuses to grant him relief and such refusal has become final;

- 22.1.2. every Relevant Officer shall be entitled (i) to have funds provided to him by the Company to meet expenditure incurred or to be incurred by him in defending himself in any proceedings (whether civil or criminal) or in connection with an application for relief (as defined in section 205(5) of the Act) or in an investigation, or against action proposed to be taken, by a regulatory authority or (ii) to receive assistance from the Company as will enable any such person to avoid incurring such expenditure, where such proceedings, application, investigation or action are in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company of the Company, provided that he will be obliged to repay any funds provided to him no later than:
 - 22.1.2.1. in the event he is convicted in such proceedings, the date when the conviction becomes final; or
 - 22.1.2.2. in the event of judgment being given against him in such proceedings, the date when the judgment becomes final; or
 - 22.1.2.3. in the event of the court refusing to grant him such relief, the date when the refusal becomes final; or
 - 22.1.2.4. in the event he becomes liable for any sum payable to a regulatory authority by way of penalty in respect of non-compliance with any requirement of a regulatory nature howsoever arising, the date on which any appeal relating to such sum becomes final (within the meaning of section 205(3) of the Act); and
- 22.1.3. every Relevant Officer shall be indemnified out of the assets of the Company against all costs and liabilities incurred by him in relation to any of the Company's activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act) save that no Relevant Officer shall be indemnified:
- 22.1.4. for any fine imposed in criminal proceedings which have become final;
- 22.1.5. for any sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature howsoever arising; and
- 22.1.6. for any costs for which he has become liable in defending any criminal proceedings in which he is convicted and such conviction has become final.

23. Insurance

Subject to the Act, the directors may exercise all the powers of the Company to purchase and maintain insurance at the expense of the Company for the benefit of any person who is or was at any time a director

or other officer or employee of the Company or any associated company of the Company or in which the Company has or had an interest (whether direct or indirect) or who is or was at any time a trustee of any pension fund or employee benefits trust in which any employee of any such body corporate is or has been interested indemnifying such person against any liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a director, officer, employee or trustee.

I certify that this is a true and complete copy of the Articles of Association of Future Water Association adopted by Special resolution dated 21st April 2016


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Chairman

