

In Strictest Confidence

**POB(00)2nd
PO00/11 to 28**

POST OFFICE BOARD

**Minutes of the meeting held at 148 Old Street
on 14 March 2000**

Dr Neville Bain	Chairman
John Roberts	Chief Executive
Richard Close	Group Finance Director
Jerry Cope	Group Managing Director Strategy & Business Development
Mike Kinski	Non-Executive Member
John Lloyd	Non-Executive Member
Rosemary Thorne	Non-Executive Member
Miles Templeman	Non-Executive Member
Jonathan Evans	Secretary
Scott Childes	Notes
Teresa Redler	Notes

Richard Dykes, Group Managing Director, Mails Services
Stuart Sweetman, Group Managing Director, Customer and Banking Services.
Kevin Williams, Group Managing Director, Distribution Services

Others attending: Basil Larkins, Managing Director, Network Banking,
and Paul Rich, Managing Director, Customer
Management for PO00/17
Alan Williams, Group Corporate Affairs Director, and
Susan Burgin, Director Communications Strategy,
Group Centre for PO00/18
Dom McKenna, Director Mergers and Acquisitions, for
PO00/19

TERESA REDLER The Chairman welcomed Teresa Redler who would be
covering the Head of Secretariat vacancy during Nicky
Jayson's **GRO**

**MINUTES OF
PREVIOUS MEETING** **PO00/11**
The Board approved the minutes of its 11 January
meeting and the special meeting held on 22 February
2000.

**MATTERS ARISING
POB(00)10** **PO00/12**
(i) The Board noted the matters arising from its meeting
held on 11 January 2000.

GRO



newsbrief

This newsbrief is being sent to all senior staff in Post Office Ltd. Please circulate amongst yo

30/02

Post Office Ltd - Governance and Structure

Governance

The Board of Post Office Ltd is to be reconstructed to more nearly represent the conventional board structure of a public limited company.

I am pleased to announce that we are presently reviewing candidates for the position of Deputy Chairman and Senior non-Executive Director of Consignia plc and also non-Executive Chairman of Post Office Ltd.

David Miller becomes Chief Operating Officer and Peter Corbett continues as Finance Director.

The following Executives will join David Miller and Peter Corbett as Board Directors of Post Office Ltd :-

John Main Director	-	Human Resources
Gordon Steele Director	-	Sales & Marketing
Alan Barrie Director	-	Information Technology

Graham Halliday and Byron Roberts will continue to report directly to me responsible respectively for



Andrew Poole

27/10/2003 10:11

To: songyuzhi@**GRO**
cc: Peter Douglas/e/POSTOFFICE@POSTOFFICE
Subject: Presentation

Suzy,
Please find attached the presentation and slides from our meeting the other day. It was very nice to meet you all and many thanks for the kind gift.

Regards



Gov Oct.doc Chinese Intro.ppt

Andrew

Andrew Poole

Head of Company Secretariat

GRO

In Strictest Confidence

- (iii) A review of the Logistics capabilities within The Post Office, and research amongst current and potential customers, had demonstrated that The Post Office must achieve a step-change in its Logistics skills if it is to secure the existing Post Office customer base, and exploit market opportunities. Simply recruiting the necessary skilled staff was not thought likely to achieve reliably the mainline growth target, and a partnership approach was needed.
- (iv) Discussions with potential partners were being held; further work to scope other potential partners would be held in abeyance until the result of these discussions became known.

Noted further that
- (v) While the expansion of Logistics capability was an agreed pre-condition of becoming a "complete distribution company", it would be important to understand the relative prioritisation of this alongside other expansion activities.
- (vi) The Board would consider this further when it reviewed the Strategic Plan in April, and subject to that endorsed in principle the logistics strategy.

Action
Jerry Cope

The prioritisation of the logistics expansion strategy within the Strategic Plan to be discussed at the Board Plan session on April 3rd/4th.

**MEMORANDUM AND PO00/21
ARTICLES OF ASSOCIATION
FOR NEW POST OFFICE plc
POB(00)17**

- (i) As part of its preparation to convert The Post Office into a plc, the DTI had invited The Post Office to prepare draft memorandum and articles of association for the new company.
- (ii) Whilst accepting the general thrust of the draft memorandum and articles of association, the Government had also decided to use a special share in the company as the means of exercising Government control. The effect of the special share would be to require The Post Office plc to obtain the prior written consent of the Secretary of State for a range of

Structure

With effect from 1st September 2002 a new Sales and Marketing department headed by Gordon Steele is to be formed.


The department will comprise of : -
Research & Development
Product Management
Communications, and
Sales

and will absorb the roles previously undertaken by Customer Services, Commercial Partnerships and Innovation & Product Development.

David Cromwell is to join a small discrete team developing our medium term strategy.

By simplifying our structure I intend to bring clarity and purpose to our activities and eliminate overlap and duplication.


David J Mills
Chief Executive
Post Office Ltd
19 August 2002

 **Sue Laban**
09/10/2003 11:23

To: Andrew Poole/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Forthcoming Chinese visiting delegation

Andrew - I understand Jonathan has asked for you help with this - I have just sent you the email confirming the room etc. This is the key areas the Chinese will want to cover!!

Sue
----- Forwarded by Sue Laban/e/POSTOFFICE on 09/10/2003 11:21 -----

 **Peter Douglas**
07/10/2003 10:36

To: Jonathan Evans/e/POSTOFFICE@POSTOFFICE
cc: guy.fischer@[redacted]
Subject: Forthcoming Chinese visiting delegation

copy of Memorandum + Articles Holdings PIC.

Jonathan,

Further to my call this am please find attached background to the proposed visit Elmar is very eager for us to progress opportunities in Aspac and China in particular Mr.Liu Adong's the Postmaster General of China is visiting us later this month and meeting Elmar as well as other visits

Their visit is being sponsored by HSBC who appear to be courting them and we are eager to understand what they are planning together

The attached visit is one relating to the supervisory panel As I understand a government audit and regulatory body They are meeting a number of public service organisations during their visit and see the Royal mail model as a particularly interesting one

The key areas they wish to cover include:

- ✓ - Governmental control of state-owned enterprises
- ✓ - Supervision of the Board and Corporate Governance
- ✓ - Private enterprises with state-owned shares. How to manage the state holdings and avoid its loss?
- ✓ - Organisation, structure, financial systems, internal financial control, investment decision-making.
- ✓ - How to select CEO and its relevant procedure and performance appraisal of CEO
- ✓ - The role and duty of Board of Chairman, Supervisory Board and Managers as well as restriction mechanism
- ✓ - Senior management control
- ✓ - Share-holder control. Maintaining share-holder value
- ✓ - Recruiting and selecting managers
- ✓ - Managing the performance of managers
- ✓ - Control of overseas subsidiaries

While I can cover a number of these off (esp HR issues) in a pre-meeting/post meeting, the governance areas are the ones that I feel ill equipped to handle confidently and believe would be difficult for anyone else but yourself to answer in the detail they will probably require. I discussed this with Guy Fischer my line manager and he came to the same conclusion.

In terms of business benefit a good relationship with the Chinese "regulator" must be worthwhile, but I have also stressed that we would seek to reciprocate in gaining a better understanding of the governance and aspirations of governance for China post, to which they have agreed. Such information would be an invaluable balance to the meeting with Mr Andong and what appears to be a thawing of RM-China Post relations.

I would greatly appreciate your assistance with this session
If you cannot help perhaps you can recommend someone who can? Or provide some notes/reading to assist?

Offered dates are 20th-22nd October or am of 23rd
I would anticipate (with interpreter) the meeting taking approx 2 hours

In Strictest Confidence

activities.

- (iii) Strong representations had been made to the Government seeking amendments to the special share provision to address issues identified as potentially being in conflict with the Government's stated aim of having an "arm's length relationship" with The Post Office. Discussions were continuing with the Government and a final version of the memorandum and articles of association will be presented to Board Members at either the April or May meeting.
- (iv) noted the report, and asked for early escalation of any issues within the special share provisions appearing to give rise to an undue need for consultation with the Secretary of State beyond that envisaged in the Government's White Paper on postal services.

INTEGRATED BUSINESS RISK MANAGEMENT PROGRAMME
POB(00)18x

- (i) The Board noted the report.

POSSS AND POPS TRUST DEED AMENDMENTS
POB(00)19x

- (i) The Board noted that the Actuary was content to issue s67 certificates in respect of the POSSS 30th Supplemental and POPS 9th Supplemental Deeds. In addition, the Board authorised the sealing of the 30th POSSS Supplemental Deed and the sealing of the 9th POPS Supplemental Deed.

DIRECTORSHIPS OF POST OFFICE PENSIONS TRUSTEES LTD
POB(00)20x

- (i) The Board agreed that Richard Close, Jonathan Evans, David Simpson, Bill Flaherty and Mike Ferns be re-appointed as Directors of Post Office Pensions Trustees Limited for a three year period until 31st March 2003, and agreed that Derek Hodgson be re-appointed as a Director of Post Office Pensions Trustees Limited

kind regards and many thanks

Pete

Peter Douglas
Regional Client Director Asia Pacific

Phone

Mobile: [GRO]

Office: [GRO]

Mobex: [GRO]

Royal Mail is a trading name of Royal Mail Group plc. Registered in England and Wales.
Registered number 4138203. Registered office at 148 Old Street, LONDON EC1V 9HQ
----- Forwarded by Peter Douglas/e/POSTOFFICE on 07/10/2003 10:20 -----



Dennis Seabrook

02/10/2003 11:41

To: Peter Douglas/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Forthcoming Chinese visiting delegation

Pete,

Another delegation from China - I would welcome your comments.

Regds,

Dennis.

----- Forwarded by Dennis Seabrook/e/POSTOFFICE on 02/10/2003 11:38 -----



"Yuzhi Song"

[GRO]

02/10/2003 09:55

To: <dennis.seabrook [GRO]>
cc:
Subject: Forthcoming Chinese visiting delegation

Dear Dennis,

It is a real pleasure to talk to you on the phone this morning. Regarding the Chinese visiting delegation, please see the two attachments.

Thank you very much for your help in advance.

I am looking forward to hearing from you again soon.

Best regards,

Suzy Song

Farwis (UK) Ltd.
Managing Director

37 Elmslie Point

Leopold Street

London E3 4LB [GRO]

Fax: [GRO]

Mobile: [GRO]



- C.htm



- to Dennis Royal Mail.doc



- Brief Introduction on Supervisory Panels.doc

(Gov Oct.doc)

E mail to
Suzi

Royal Mail Holdings plc

Supervision of the Board and Corporate Governance

Good afternoon Ladies and Gentlemen, my name is Jonathan Evans and I am the Company Secretary for Royal Mail. I am going to speak to you about the supervision of the Board and Corporate Governance within the Royal Mail Group.

(Slide 1 – History)

Statutory framework

(Slide 2 – Postal Services Act 2000)

The Postal Services Act 2000 transferred the old Post Office Corporation into a public limited company wholly owned by Government. The main operating company is Royal Mail Group plc, which is owned by Royal Mail Holdings plc. The Government owns 100% of the shares in Royal Mail Holdings plc, including the special share, which confers certain rights on the special shareholder – The Secretary of State for Trade and Industry. This structure came into effect on 26 March 2001.

(Slide 3 – Company Structure)

Royal Mail Group operates its core business (mail services) under a Licence granted by the Postal Services Regulator (Postcomm) on 26 March 2001, under the provisions of The Postal Services Act 2000.

Post Office Limited – the Company that runs the network of Post Offices – was incorporated in August 1987.

Senior Management roles

(Slide 4 – Organisation)

The Company's simplified Management structure is designed to ensure that the maximum energy is focused on the achievement of the Renewal Plan and the turnaround of the business. Senior

Management has the key leadership role of ensuring that the whole Group is fully committed to the achievement of the plan.

The Company is executive lead, the overall senior leadership of the Company lies with the Non-executive Chairman (Allan Leighton), The Executive Deputy Chairman (Elmar Toime) the Chief Executive (Adam Crozier) and the Chief Executive of Post Office Limited (David Mills).

Collectively they,

- Lead the Company in the delivery of the Renewal Plan
- Champion the values and behavioural standards of the Company
- uphold highest standards of Corporate Governance, integrity and probity
- provide unified direction to the Company as a whole
- Keep close to the front line
- Develop the future strategy of the Company

The above-mentioned executives are supported by other specialist executive Directors, Marisa Cassoni (Finance) and Tony McCarthy (People), six Non-Executive Directors and myself. All Directors are appointed to the Holdings Board, with many sitting on other important subsidiary Boards alongside senior employees from the Group.

The timely and efficient appointment and induction of directors is instrumental in ensuring that a company has in place a well-informed and competent board at all times. There is a formal and transparent procedure for the appointment of all new directors to the Board. The appointment process involves the Shareholder, Chairman, Nomination Committee and the full Board.

A requirement of the Combined Code on Corporate Governance is that an independent Nomination Committee should be established

to consider and make recommendations to the Board on all board appointments.

The role of the Nomination Committee, composed largely of independent Non - executive directors, is to provide a formal process for identifying the skills needed and those individuals who might best provide them in relation to the appointment of directors. This formal process ensures that proper consideration is given to this important area of board responsibility.

The Non-executive Directors and Independent Committee's

Non-Executive directors do not hold executive office but are selected by the directors for appointment so that the Company may benefit from a wealth of commercial experience and expertise gained outside the Company. Such directors have the same responsibilities and liabilities as the executive directors in terms of their statutory and fiduciary duties, even though they are not as involved in the Company's affairs as the executive directors. To enable a non-executive director to exercise a high level of independence, PRONED (Promotion of Non-executive Directors) recommends that, in particular, a Non-executive Director:

- Should not have been employed by the Company in an executive capacity within the five years prior to his appointment as a Non-executive director;
- Should not have commercial relationships with the Company, of a regular or continuing nature, where he or his employing firm act as professional advisers to the Company, or of a significant nature, where he is employed by a Company which is a customer of or a supplier to the Company on whose Board he sits; and
- Should not have a personal relationship with any other member of the Board.

The Non-executive Directors play an important role in the Governance of the Company by firstly bringing a balanced, independent view to the Board's deliberations and secondly by overseeing the work of the Audit, Remuneration and Nomination Committees. Non-executive directors are expected to ask

intelligent questions, give advice on areas where they have first hand experience and provide a check and balance on the executive.

The Role of the Company Secretary

As an officer of the Company at the centre of the decision making process, the Company Secretary is in a powerful position of influence. The role of the Company Secretary is to assist and guide the directors in their pursuit of profit and growth but should also act with integrity and independence to protect the interests of the Company, its shareholders and its employees. The Company Secretary plays a central role in the governance of the Company. This requires excellent communication skills, a thorough knowledge of the company's business and applicable regulations, strength of character, integrity, and above all a professional approach.

UK Company law requires every UK registered company to appoint a Company Secretary. The appointment is the responsibility of the Board of directors. The Company Secretary's role in the governance and administration of the Company's affairs is recognised in the London Stock Exchange's principles of Good Governance and Code of Best Practice (the Combined Code) which states that,

'All directors should have access to the advice and services of a Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter for the Board as a whole.'

The role of the Secretary concerns three main areas, the Board, the Company and the Shareholder. Within each the Company Secretary's role can be very diverse.

The Board

The Secretary must ensure that the procedure for the appointment of directors is properly carried out and they should assist in the proper induction of directors, including assessing the specific training needs of directors. The Secretary provides comprehensive practical support and guidance both as individuals and as a

collective with particular emphasis on supporting the Non-executive directors. A major role is to prepare information for all board and committee members in order that they can maximise their contribution to the debate.

The Company

The Secretary ensures compliance with all relevant statutory and regulatory requirements and that due regard is paid to the specific business interests of the company. The Secretary ensures that the board decisions and actions are properly carried out and communicated.

The Shareholder

With regard to the Shareholder the Secretary communicates with the shareholder to ensure that due regard is paid to their interests. They also act as a primary point of contact for shareholders on such matters as Corporate Governance.

Memorandum and Articles

The Memorandum constitutes a Company's charter with the outside world, being more particularly the persons with whom a company will transact, either directly or indirectly, in the course of its business. The Articles of Association set out the regulations for its internal management, and will commonly cover such matters as the rights of shareholders, rights attaching to the shares, the appointment, removal and powers of the Directors, and the conduct of Board and General Meetings.

Our Articles specify circumstances when the prior approval of the shareholder must be sought for example for certain financial transactions or the appointment of directors. This mechanism provides a key shareholder control over certain activities of the business.

Control of Overseas Subsidiaries

(Return to Slide 3 – Company structure)

We directly or indirectly own or control many affiliates operating throughout the world with a number based in Europe and North

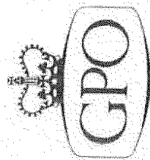
America. Usually such companies are established to execute a business transaction cleanly, or in some cases countries require foreign corporations to do business through a domestically incorporated entity. There will always be a need to use subsidiaries or Special Purpose Vehicles (SPV's) as a means to conduct business. Corporate Governance in such affiliates is an important issue for the business and we clearly set out our expectations in this area by means of a comprehensive policy document. This document sets the standards of Corporate Governance for all subsidiary, associate and joint venture companies and covers all areas of business administration.

Here at Royal Mail we give the composition of subsidiary boards a similar degree of care and scrutiny as we would to selecting directors for the parent company – here the Nomination Committee again has a key role to play recognising that oversight and control will be the drivers for success.

Supporting the Board and other stakeholders is still a key activity for the department, but increasingly there are pressures both internally and externally to support so called 'downstream' Corporate Governance – that is, the extension of sound Corporate Governance practices and policies downstream to the subsidiaries.


Large operating subsidiaries within the Group are now in the process of shoring up their governance procedures and are starting to act more like the parent. Achieving this requires uniform processes and policies that transcend business lines and geographic borders.

Oversight of subsidiaries and new Corporate Governance standards are hot topics and will no doubt lead to regulatory and reporting changes in the near future.



THE POST OFFICE

The Post Office  Consignia

 **Royal Mail**
The Real Network



- some history
- the Postal Services Act 2000
- company structure
- organisation

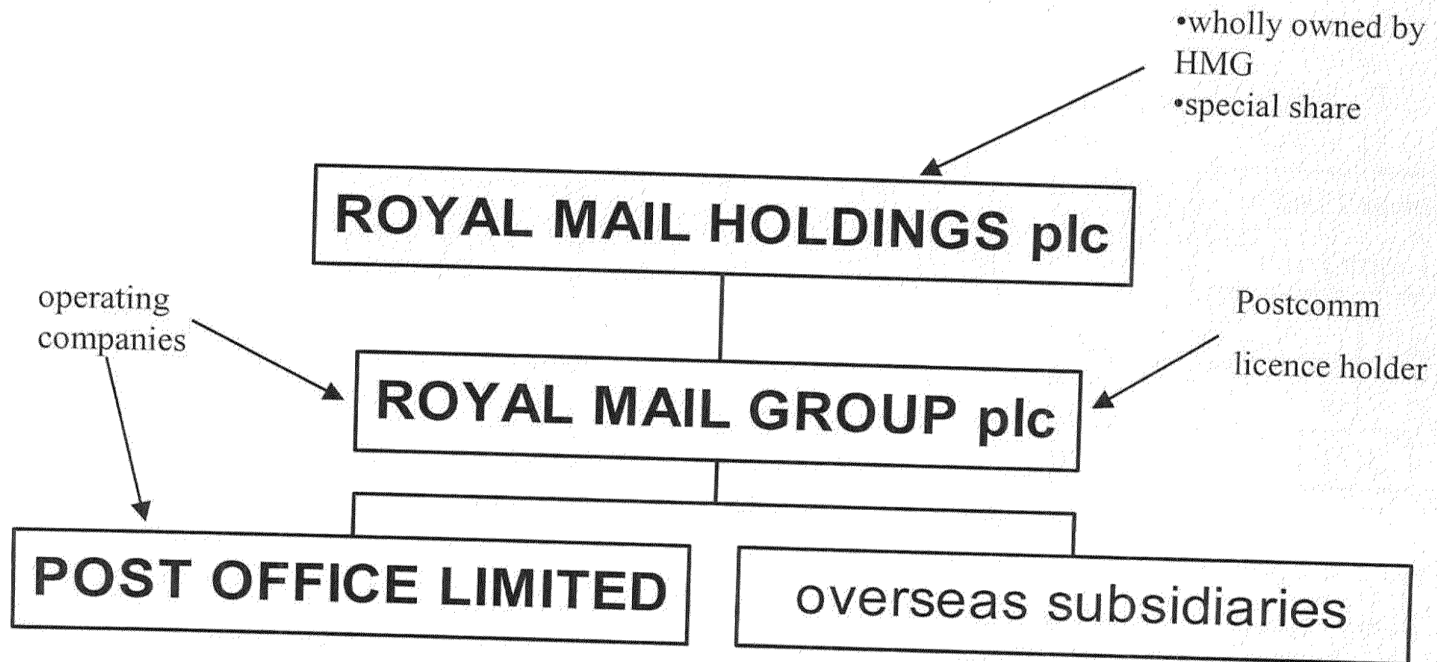
some history

- 1516 First record of a “Master of Posts”
- 1635 Charles I opens royal mail service to public
- 1657 Postage rates and system set by Parliament
- 1711 Post Office brought directly under Treasury (to fund wars)
- 1784 First mail coaches
- 1830 First use of railways
- 1840 Penny Post – Rowland Hill’s idea
- 1861 Post Office Savings Bank
- 1883 Parcel post begins
- 1912 Telephone service nationalised
- 1968 Girobank launched
- 1969 Nationalised industry
- 1981 Split from British Telecomm
- 1986 RM/PF/POCL businesses
- 1990 Girobank sold
- 1996 Privatisation fails
- 2000 Postal Services Act
- 2001 Regulation/Consignia plc

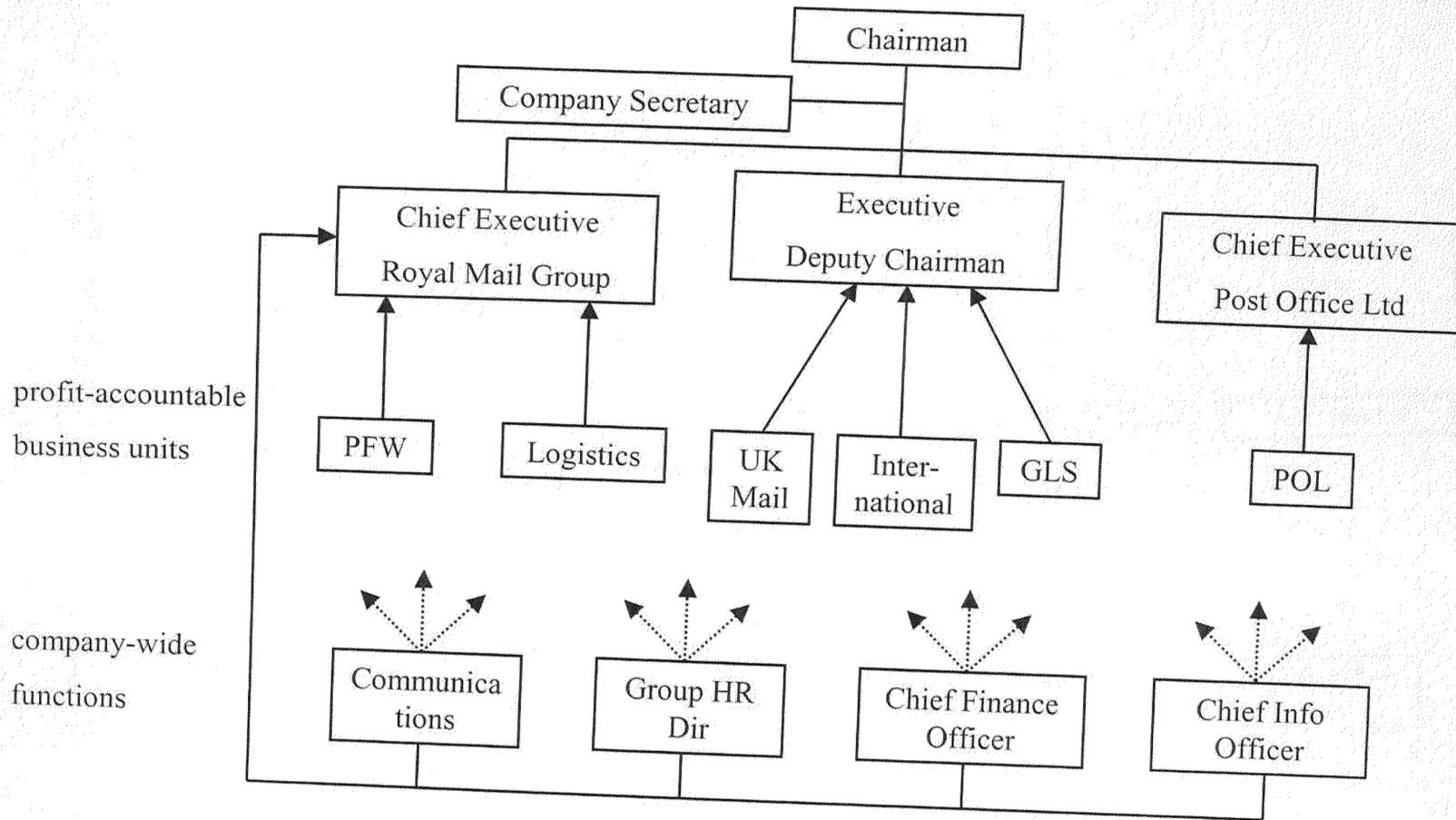
Postal Services Act 2000

- created Postcomm, with responsibility for ensuring universal service
- licence regime
- created Consignia plc (Now RMG plc)
- created Postwatch

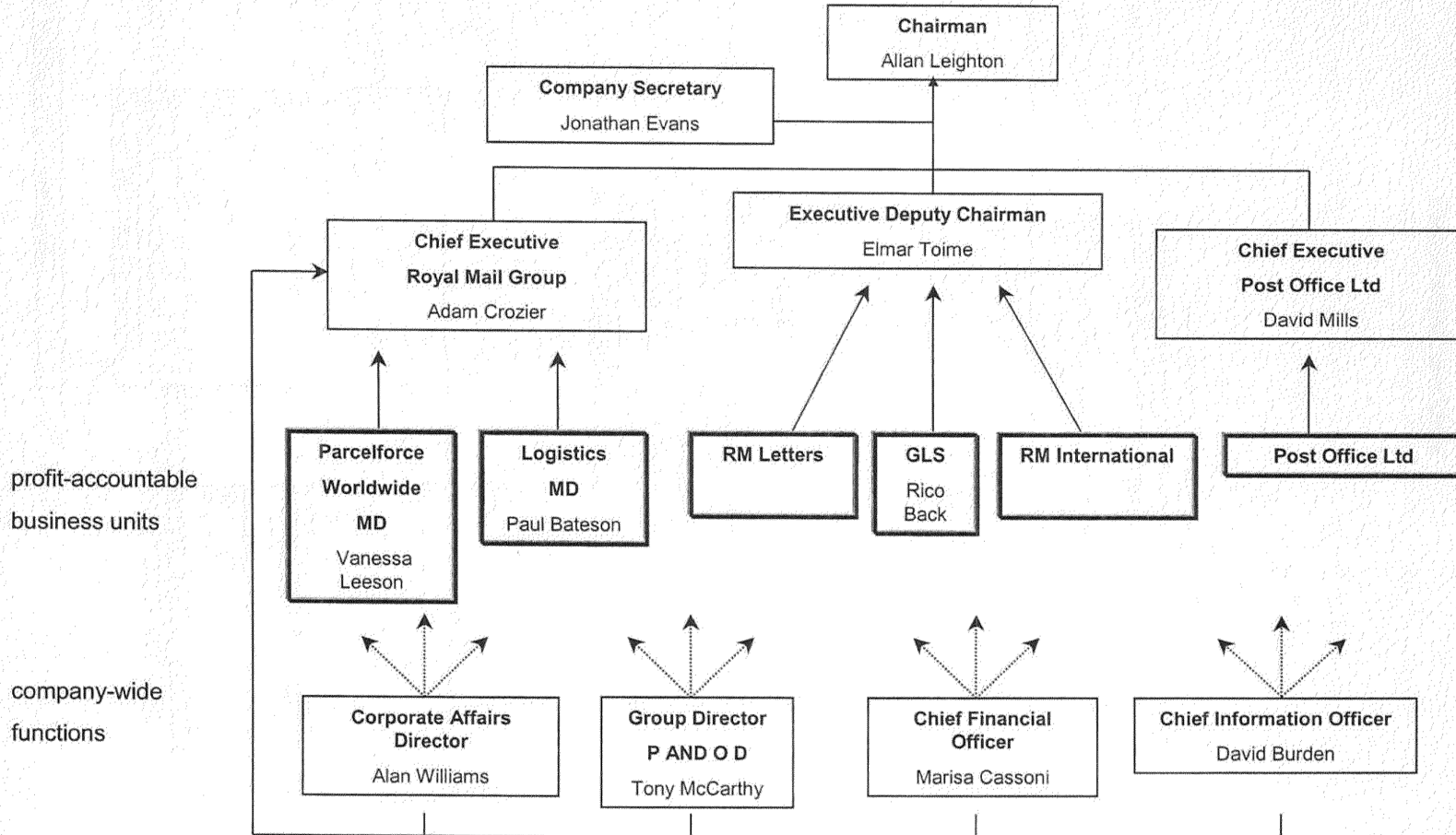
company structure



organisation



Royal Mail Holdings plc



ROYAL MAIL BOARD AND COMMITTEES

ROYAL MAIL HOLDINGS PLC
Allan Leighton (Chairman)
Elmar Toime
Adam Crozier
Marisa Cassoni
Tony McCarthy
Rosemary Thorne
David Fish
Richard Handover
Mike Hodgkinson
John Neill
Bob Wigley
David Mills

Audit and Risk Committee
Rosemary Thorne (Chairman)
Bob Wigley
John Neill

Nominations Committee
Richard Handover (Chairman)
Allan Leighton
David Fish

Remuneration Committee
David Fish (Chairman)
Rosemary Thorne
Mike Hodgkinson
Richard Handover

Management Board
Elmar Toime David Mills
Paul Bateson Paul Rich
David Burden Alan Williams
Marisa Cassoni Rosemary Thorne
Adam Crozier Jonathan Evans
Vanessa Leesen
Tony McCarthy

15-May-03

CORPORATE GOVERNANCE OF SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

1. PURPOSE

The purpose of this policy document is to set standards in Royal Mail Group plc, Royal Mail Holdings plc and Royal Mail Investments Limited (collectively 'Royal Mail Group') for the corporate governance of all subsidiary, associate and joint venture companies (collectively "Affiliates"). These standards are taken from legal requirements (chiefly The Company's Act 1985) and various Codes of Practice for Business Administration.

2. LINK TO ACCOUNTABILITIES

This statement sets out the Royal Mail Group strategy and policy on corporate governance to ensure compliance by all Affiliates (whether UK or international).

3. INTRODUCTION

The Royal Mail Group directly and indirectly owns or controls many Affiliates operating throughout the world. The following definitions apply throughout this document:

A company is a **Subsidiary** of another company, its holding company, if that other company:

- holds a majority of the voting rights in it (ie greater than 50%); or
- is a member of it and has the right to appoint or remove a majority of its board of directors; or
- is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or
- if it is a Subsidiary of a company which is itself a Subsidiary of that other company; or
- if, regardless of whether any shares are held in the Subsidiary, the parent has the 'right to exercise a dominant influence' over it.

A company is deemed to be an **Associated** undertaking of another company if that other company exercises significant influence over its financial and operating policy decisions. It is generally assumed that if a company holds between 20 and 49% of the shares/voting rights in a company, it will have significant influence over that company, and therefore be an Associate.

Joint Venture is a term without any precise legal definition, but may be described as an arrangement between two or more parties who pool their resources and collaborate in carrying on a business activity with a view to mutual profit.

4. SHAREHOLDERS

Shareholder meetings need to be held in accordance with the Articles of Association ("Articles") of the company, the shareholders' agreement (if appropriate) or to the extent that these are not specific, in accordance with the minimum requirements of the company law applicable in the jurisdiction in which the company is based.

For shareholder meetings a shareholder proxy/corporate representative of the Royal Mail parent company will need to be appointed. It would normally be acceptable for this to be the person in Royal Mail to whom the Affiliate reports. Requests for appointment of a proxy/representative must be made to the company's Company Secretary's Office at least 14 days in advance of the meeting.

5. BOARDS OF DIRECTORS

5.1 Directors

Every company by law has to have a Board of Directors. References to 'Director' in this policy statement refer to full members (whether Executive or Non-Executive) of the Board of a company, and not to all personnel with a job title incorporating the word 'director'.

A Director has a general duty to act in good faith in the best interests of the company as a whole. It is a Director's responsibility to satisfy him/herself that the company is compliant with legislation, such as, but not limited to, company, health and safety, environmental, data protection and competition law. Royal Mail Group plc employees appointed as Directors to a Royal Mail Group Affiliate will, as part of their induction into the role, receive guidance from the Royal Mail Company Secretary's Office, together with a copy of *Directors Duties and Responsibilities*.

5.2 Appointments to the Board

The composition of the Board of Directors (eg. minimum number of Directors, detail of quorum required etc), and the process of appointment is usually set out in the Articles or shareholders' agreement of a company.

Existing members of Boards should agree (at a minuted Board meeting or in a nomination sub-committee) a nomination for any vacant/additional Executive Director position on their Board. Suitable candidates may be drawn from within the company, from the wider group or externally as appropriate. The nominated individual may be appointed to the role on an acting or temporary basis, pending substantive appointment at the next general meeting of the company or by the parent, as provided for in the Articles of the company.

All Affiliate Boards should have at least one Royal Mail nominated Non Executive Director from within the Royal Mail group. The Board of the immediate parent company should decide on a nomination, a paper should be tabled at the next Board meeting of the company itself for approval, and the individual could be appointed on an acting or temporary basis pending the ratification at a general meeting of the recipient company or by the parent, as provided for in the Articles of the company.

Any acting, temporary or substantive appointments should be advised to the Royal Mail Company Secretary's Office and to Companies' House as soon as the appointment is made. For dormant/shell companies, the parent should nominate any Directors for appointment for ratification at a general meeting. If the parent is itself a dormant/shell company, nominations should be transferred to its parent etc.

5.3 Attendance at Board Meetings

Directors must be available to attend Board meetings. Directors who are unable to attend 3 consecutive meetings should be considered for removal from the Board.

5.4 Resignation of Directors

When Directors wish to resign a resignation letter should be filed with the Board minutes. In jurisdictions where shareholders cannot remove Directors by ordinary resolution, a Director, upon appointment, must execute an undated resignation letter or give an undertaking in writing to resign upon request of a majority of the shareholders.

5.5 Directors and Shareholding

If Royal Mail Group plc employees appointed as Directors of Royal Mail Group Affiliates are required also to hold shares in the company, they must sign share transfer forms upon appointment.

5.6 Declarations of Interest

Directors are required not to put themselves in a position where there is a conflict between their duty to the company and a duty owed to another person and are required to disclose to the Board any interest in a (proposed) contract, transaction or arrangement with the company. A pro-forma declaration of interests must be completed on appointment and thereafter on an annual basis. This should be obtained from the relevant Company Secretary. Further, where there is such an interest Directors may, subject to the requirements of local law, need to declare that interest at a Board meeting where the contract, transaction or arrangement is to be discussed.

6. BOARD MEETINGS

6.1 The Board Meeting

The directors act collectively through Board Meetings – subject to any matters, which have been properly devolved to individuals (e.g. a managing director), committees or other levels of management. Board meetings should be held as often as required to ensure the proper functioning of the company and to ensure that the Board can demonstrate management control over the company.

6.2 Notification of Board Meetings

Due notice must be given convening a meeting of directors, unless meetings are held at fixed times. If insufficient notice is given, the notice (and therefore any resolutions passed at that Board

meeting) will be invalid unless all the directors are present at the Board meeting and agree to waive the notice requirements. Where there has been any such irregularity, a subsequent regularly convened Board meeting can ratify and confirm what was done irregularly.

6.3 Timing of Board Meetings

Boards should meet regularly so that the Board can retain full and effective management control over the company and properly monitor executive management. Where a Board is unable to meet to discuss a specific issue, a Board decision evidenced by a written resolution signed by all directors, is permissible if allowed by the law applying to the company.

6.4 Transparency

There should be transparency of and support for decisions. Any issue that is to be put to the Board must be drawn to its attention with adequate information in a paper submitted to the Board in advance of the meeting. That paper should highlight the risks and opportunities of the proposal and indicate that appropriate advice has been sought (e.g. tax, legal, group finance). Copies of all notices, papers and minutes pertaining to a Board meeting must be sent to all directors, even if a director is unable to attend the meeting. A regular performance report should be prepared by the management of trading companies and sent to the directors of the company and the company secretary regular Board meetings do not take place.

6.5 Reserved Matters

The Board of each Affiliate (other than dormant companies) should have a schedule of matters reserved for Board collective decision. This schedule will be given to directors with their guidance on appointment. Other matters may be devolved to committees or individuals. The Royal Mail Company's Secretary's Office must be provided with details of matters reserved to the shareholders and directors of companies for which they do not act as company secretary.

7. COMPANY SECRETARIAL MATTERS

7.1 The Appointment and Role of the Company Secretary

UK law requires the appointment of a suitably qualified or experienced company secretary. This is not the case in all countries. The company secretary has specific duties, such as preparing returns to the Registrar of Companies relating to the company. Failure to notify certain matters or to file annual returns (where required) can result in fines. The company secretary is responsible for ensuring that any necessary documents are filed with the Register of Companies (or equivalent) and keeping any statutory books up to date - but he or she relies on getting the appropriate information from others.

7.2 The Role of the Royal Mail Company Secretary's Office

The Royal Mail Company Secretary's Office should provide company secretarial services to all wholly owned UK companies, unless exceptionally agreed otherwise with the Secretary's Office. Where the Royal Mail Company Secretary's Office does not act as company secretary to an

Affiliate, the company secretary of that company must advise the Royal Mail Company Secretary's Office of key changes to the company's corporate structure.

The Royal Mail Company Secretary's Office should be provided with a copy of the Memorandum and Articles of Association for all Affiliates.

The company secretary is responsible for giving the required notice of Board and Shareholder Meetings eg AGMs and EGMs (with appropriate paperwork, including background papers) and circulating the Minutes of the meeting promptly thereafter. A copy of the minutes of AGMs/EGMs should be sent to the Royal Mail Company Secretary's Office.

7.3 Monitoring Compliance

The Royal Mail Company Secretary or equivalent will be responsible for monitoring compliance with this policy, via completion of an annual proforma checklist.

7.4 Royal Mail Group plc Policies

Royal Mail Group plc has adopted various policies or guidance notes on matters such as the environment, health and safety, employment policies, data protection, benchmarking, business standards, and compliance with competition law.

All Affiliates must comply with legislation applicable in their jurisdiction. It is desirable for all Affiliates to adopt Royal Mail Group policies that are intended to ensure compliance with such legislation and such other policies as to ensure consistency of approach across the Group. A list of the broad policy areas and the required approach is attached as Appendix.

If compliance with these policies is not possible, or is not desired by the Affiliate, the company should advise the Royal Mail Company Secretary. Royal Mail cannot force an Associate or Joint Venture company to adopt Royal Mail policies where its Board does not wish to do so. If a Royal Mail Subsidiary elects not to adopt a Royal Mail policy they need to secure the agreement of the Royal Mail Company Secretary who will consult with the relevant policyholders and Royal Mail Group plc Executive Directors.

7.5 Enquiries from or Investigations by Governmental or Regulatory Bodies

If an Affiliate receives an enquiry from a governmental or regulatory body (e.g. DTI, Postal Services Commission ("Postcomm"), OFT, European Commission) it must advise the Royal Mail Company Secretary's Office immediately and take advice on the terms of reply. Similarly, in the event of enquiries from Postcomm, the Royal Mail Regulation Department must be informed and will advise on the terms of reply.

7.6 Company Identification

Under English law, a company's name must be painted or affixed in a conspicuous position and be easily legible on the outside of every office or place where the company carries on its business. This is usually done by means of a painted sign or plaque. In addition, if the company carries on business under a name other than the registered name, then its registered name and an address for

service of documents must be displayed in a prominent position in any premises where its business is carried on and to which its customers and suppliers have access.

A company's name must also appear legibly in all business letters, notices and other official publications, bills of exchange, promissory notes, cheque books, orders for goods and money purporting to be signed by or on behalf of the company, and all bills, invoices, receipts and letters of credit.

Where a company trades under a business name which is different to the company name, it must also state its registered name and an address for service of documents on all business letters, written orders, invoices, receipts and written demands for payment.

Further particulars such as the company's place of registration, its registered number and the address of its registered office must also appear in all business letters and order forms.

7.7 Liquidation

Companies that are no longer active should be regularly reviewed as candidates for liquidation or other appropriate means of disposal. Royal Mail Group Taxation, Legal Services, Group Finance and Company Secretary's Office are to be consulted. Any disposal of a company must be such that there is no ongoing liability either to the parent company or to any officers. Before deciding to liquidate a company, consideration should be given to keeping it: for example, to protect the company name. The Royal Mail Company Secretary's Office should be involved in any liquidation/disposal as the consent of its Special Shareholder (the Government acting through the DTI) may be required.

Appendix

ROYAL MAIL POLICIES - APPLICABILITY TO AFFILIATES

Royal Mail Group requires that Subsidiaries adopt the following policies where they are described as Mandatory (M), Mandatory other than in Exceptional Circumstances, requiring the approval of the Royal Mail Company Secretary (E), or Recommended in line with best external corporate governance practice (R). Royal Mail Group plc employees who are Directors of Associates and Joint Ventures should use their influence to ensure the policies are adopted in the company where possible, advising the Royal Mail Company Secretary where this will not be the case.

References to Company Secretary's Office below refer to the company secretary of the Affiliate (which may be the Royal Mail Company Secretary), unless this is otherwise specified.

Area of Responsibility and Requirement	Activity Required of Affiliate by Royal Mail
<p><u>Company Secretarial</u></p> <ul style="list-style-type: none"> • (M) Reporting significant legal events, matters including loan covenants and other agreements, changes in share ownership, sale or purchase of shares, appointment and resignation of directors or company secretary • (M) Annual return information/filing • (M) Memorandum & Articles of Association • (M) Authority levels for decision/expenditure /Reserved Powers 	<ul style="list-style-type: none"> • Notify Royal Mail Company Secretary's Office of any changes. An annual proforma return will be circulated to ensure that company details are correct and up to date; • Submitting all statutory returns and notifications required; • Articles and By-laws should be kept with the minute books and be kept up to date. Copies of these, and any amendments to them, must be submitted to the Royal Mail Company Secretary's Office; • Comply with Government restriction on spending by Royal Mail Group through agreement of delegated authority with Royal Mail parent company
<p><u>Financial Control & Management</u></p> <ul style="list-style-type: none"> • (E) Accounting policies, conventions standards and practices • (M) Transfer Pricing • (M) Performance Reporting 	<ul style="list-style-type: none"> • For companies that are consolidated into Royal Mail accounts, adopt the Royal Mail Group's accounting policies and format and make accounting estimates and submissions which are consistent with practices used by Royal Mail. • Adopt transfer prices which are consistent with competition law and regulatory requirements • Provide sufficient management information to give comfort to the Royal Mail parent (as shareholder) on operational and financial performance periodically, preferably using a standard Royal Mail format.

<ul style="list-style-type: none"> • (R) Forecasts • (M) Auditors 	<ul style="list-style-type: none"> • Provide forecasts of future financial performance and outturns and measures. • For companies consolidated into the Royal Mail accounts, appointment of Royal Mail Group approved external auditors.
<p><u>Treasury</u>¹</p> <ul style="list-style-type: none"> • (M) Funding: Ensuring optimal company funding • (M) Banking: Agree appropriate local banking arrangements • (R) Currency Exposure: Ensure that material foreign currency exposures are managed. • (M) Insurance: Ensure that all statutory insurance requirements are in place and that material business assets are protected. • (M) Dividend Policy: Payment of dividend to Holding Company 	<ul style="list-style-type: none"> • Establish intra Group funding account with Royal Mail Group Treasury • For Subsidiaries, agree surplus funds management/ borrowing/leasing arrangements with Royal Mail Group Treasury • Agree local bankers and account structure with Royal Mail Group Treasury • Refer any requests for parental guarantees to Royal Mail Group Treasury • Notify Royal Mail Group Treasury of material currency exposures and agree management/hedging action. • Subsidiaries to purchase local insurance to cover statutory requirements • Provide Royal Mail Group Treasury with relevant information on assets and liability risks and agree appropriate cover. • Declaration and payment of dividend in accordance with Holding Company Policy.
<p><u>Taxation</u></p> <ul style="list-style-type: none"> • (M) Comply with tax law in respect of its own activities. • (M) Ensuring that the capital structure of the company meets local legal requirements <p><u>Personnel</u></p>	<ul style="list-style-type: none"> • Submitting all tax returns required in all countries of operation; • Paying all taxes due in all countries of operation; • Unless the company has tax expertise in house it must use the agreed external tax advisor to support them in ensuring that they comply with the law;

¹ In all of these areas it is recognised that subsidiaries need to be treated on a case by case basis. It is not the intention that Group Treasury will require detailed central control where local arrangements may be more sensible. However it is important that subsidiaries discuss and agree with Group Treasury how their financing operations are most efficiently arranged and to ensure that Group, regulatory and legal requirements are complied with.

<ul style="list-style-type: none"> • (M) Employment law • (M) Health & Safety 	<ul style="list-style-type: none"> • Conform with national, and where appropriate European, employment law. • Comply with local legal minimum requirements.
<p><u>Internal Audit</u></p> <ul style="list-style-type: none"> • (M) Royal Mail Internal Audit will have right of access to all documents and relevant information for companies in which Royal Mail has a shareholding. • (M) Provide assurance to the Executive management and Board of Royal Mail on risk and control matters (through Royal Mail Internal Audit where required) 	<ul style="list-style-type: none"> • Risk identification and management is undertaken in each of its subsidiaries.
<p><u>Branding</u></p> <ul style="list-style-type: none"> • (M) Use of Royal Mail brand 	<ul style="list-style-type: none"> • Agree all use of Royal Mail as an endorsement or brand with Royal Mail Group Communications Director. • Agree creation of a new main brand or sub-brand (not product names) with Royal Mail Group Communications Director.
<p><u>Communications</u></p> <ul style="list-style-type: none"> • (M) Press releases and external communications 	<ul style="list-style-type: none"> • Clear all external communications that use the brand Royal Mail (referred to specifically or to speak on behalf of Royal Mail) with Royal Mail Group External Relations.
<p><u>Commercial & Business Strategy</u></p> <ul style="list-style-type: none"> • (E) Business Plan completion 	<ul style="list-style-type: none"> • Business Plan wholly in line with Royal Mail Strategy • Business Plan wholly in line with legal and regulatory requirements in country of operation

ROYAL MAIL CORPORATE GOVERNANCE / POLICY COMPLIANCE PROFORMA

Royal Mail Company Secretary's Office will maintain a database of companies in the Royal Mail Group, and an associated organisation chart.

Information on each Royal Mail Affiliate shall be submitted to Royal Mail Company Secretary's Office at least once a year, using the following proforma. The summary sheet must be signed off by the company secretary (where the Royal Mail Company Secretary is not used) or a Director of each company.

<u>Royal Mail Group - Affiliate details</u>	
Company name:	
Date and place of incorporation:	
Registered Office:	
Current directors and officers:	
Location of minute books and corporate documents ie Memorandum & Articles of Association, Company Registers etc	
Authorised and issued shares	
Details and dates of any share transfers in the last year	
Names of shareholders	
Names of subsidiary or associated companies	
Signature of Company director or officer certifying compliance with Royal Mail Corporate Governance procedures and Policy guidelines (other than where identified below)	
Exceptions to the above agreed with Royal Mail company secretary	

Auditors	
Solicitors	
Bankers	
Borrowings, Loans & Overdraft Facilities Details of any overdraft and Loan facilities including the maximum facility amount and the current utilisation	

AGREED FORM

Company No. 4074919

NEW

ARTICLES OF ASSOCIATION

of

ROYAL MAIL HOLDINGS PLC

(adopted by written resolution passed on 23 January 2003)

Herbert Smith
Exchange House,
Primrose Street,
London EC2A 2HS.
Tel: **GRO**
Fax: **GRO**
Ref: 4595/30827517

Company No. 4074919

NEW ARTICLES OF ASSOCIATION

of

Royal Mail Holdings plc

(adopted by written resolution passed on 23 January 2003)

INTERPRETATION

1. EXCLUSION OF TABLE A

No regulations set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute concerning companies shall apply as the regulations or articles of the company.

2. DEFINITIONS

In these articles unless the context otherwise requires -

"**the Act**" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

"**the articles**" means these articles of the company as altered from time to time by special resolution and the expression "this article" shall be construed accordingly;

"**the board**" means the board of directors from time to time of the company or the directors present at a meeting of the directors at which a quorum is present;

"**business day**" means any day which is not a Saturday or Sunday or a public holiday;

"**clear days**" in relation to the period of a notice, means 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;

"**core business**" means any and all activities specified in sub-sections 63(8)(a) to (d) (inclusive) of the Postal Services Act;

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

"**government securities**" means such securities, cash deposits, investments or assets as the Company may agree in writing with the Special Shareholder from time to time;

"**group**" means the company and its subsidiary undertakings (as defined in section 258 of the Act) from time to time;

"**the holder**" in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

"**licence holder**" means any subsidiary of the company holding a licence under Part II of the Postal Services Act;

"**major transaction**" means an acquisition or disposal by the company or a relevant subsidiary (excluding a transaction of a revenue nature in the ordinary course of business) where the size of the transaction is such that the percentage ratio resulting from any of the calculations set out in article 12.1(P) is 10 per cent. or more;

"**member**" means a member of the company;

"**memorandum**" means the Memorandum of Association of the company;

"**network subsidiary**" means any subsidiary of the company (other than a licence holder) which is, or any of whose wholly owned subsidiaries is, engaged in the provision of a network of places from which postal services and/or services provided under arrangements between a UK government department and that subsidiary or any of its wholly owned subsidiaries, are provided directly to the public;

"**office**" means the registered office of the company;

"**Postal Services Act**" means the Postal Services Act 2000;

"**Primary Territories**" means all those countries or parts of the world being members of the Organisation for Economic Co-operation and Development, and (whether or not the same are or become members of the said organization) each of the Isle of Man, the Channel Islands and Gibraltar, together with such other territories as shall be agreed in writing between the Special Shareholder and the Company;

"**public holiday**" has the meaning given to that term in the Postal Services Act;

"**purchased out of public funds**" means purchased in whole or in part out of moneys:

- (a) loaned by the Secretary of State:
 - (i) to the Post Office under Section 37 of the Post Office Act 1969; or
 - (ii) to the company or a member of the group under Section 68 of the Postal Services Act; or
- (b) invested by the Government in the company or a member of the group under Section 64 of the Postal Services Act;

"**the register**" means the register of members of the company;

"**relevant subsidiary**" has the meaning given to such term in section 63(8) of the Postal Services Act;

"**relevant transaction**" means any actual or proposed acquisition, sale or other disposition (whether by security or otherwise) or parting with or sharing of ownership (including, without limitation, by partnership, joint venture or otherwise) of any assets, rights or property whatsoever by any member of the group, other than:

- (a) any transaction in the ordinary course of business or otherwise of a revenue nature (including without limitation the taking of assets on lease or hire purchase);
- (b) any transaction between the company and a wholly-owned subsidiary of the company or between wholly-owned subsidiaries of the company; and
- (c) any transaction approved in any Strategic Plan.

"**the seal**" means the common seal of the company;

"**Secondary Territories**" means all those countries or parts of the world not within the Primary Territories;

"**Secretary of State**" means one of Her Majesty's Secretaries of State;

"**secretary**" means the secretary of the company or any other person appointed to perform the duties of the secretary of the company, including a joint, assistant or deputy secretary;

"**share rights**" has the meaning given to such term in section 82(1) of the Postal Services Act;

"**shares**" has the meaning given to such term in section 82(1) of the Postal Services Act;

"**Special Share**" means the one special rights redeemable preference share of £1 in the capital of the company;

"**Special Shareholder**" means the holder of the Special Share;

"**Strategic Plan**" means the strategic plan relating to the operation and overall strategic direction of the group described in article 83;

"**Trade Marks**" means the trade marks "**The Post Office**", "**Royal Mail**" and "**Parcelforce Worldwide**" anywhere in the world; and

"**the United Kingdom**" means Great Britain and Northern Ireland.

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

References to "**writing**" include references to any method of representing or reproducing words in a legible and non-transitory form.

Headings are included only for convenience and shall not affect meaning.

If, and for so long as, the company has only one member, these articles shall (in the absence of any express provision to the contrary) apply with such modification as may be necessary in relation to the company.

3. FORM OF RESOLUTION

- (A) Subject to the Act, where for any purpose an ordinary resolution of the company is required, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.
- (B) A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting properly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more of the members.

SHARE CAPITAL

4. AUTHORISED SHARE CAPITAL

The authorised share capital at the date of adoption of this article is £100,001 divided into 100,000 ordinary shares of £1 each and one Special Share.

5. RIGHTS ATTACHED TO SHARES

Subject to the provisions of the Act and to any rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the board may decide.

6. REDEEMABLE SHARES

Subject to the provisions of the Act, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the company or the holder on such terms and in such manner as may be provided by the articles.

7. PAYMENT OF COMMISSION

The company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

8. TRUSTS NOT RECOGNISED

Except as required by law, no person shall be recognised by the company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.

9. UNISSUED SHARES

Subject to the provisions of the Act and to these articles, any unissued shares of the company (whether forming part of the original or any increased capital) shall be at the disposal of the board who may offer, allot, grant options over or otherwise dispose of

them to such persons at such times and for such consideration and upon such terms and conditions as it may determine.

10. VARIATION OF CLASS RIGHTS

Subject to the provisions of the Act, if at any time the capital of the company is divided into different classes of shares, the rights attached to any class may be varied, either while the company is a going concern or during or in contemplation of a winding-up:

- (A) in such manner (if any) as may be provided by those rights; or
- (B) in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class,

but not otherwise. The provisions of these articles relating to general meetings shall apply to every such separate meeting, except that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and at an adjourned meeting shall be one person holding shares of the class in question or his proxy.

THE SPECIAL SHARE

11. HOLDER OF THE SPECIAL SHARE

- (A) The Special Share may only be issued to the Secretary of State and may be transferred to and held by the Treasury, another Minister of the Crown or any other duly authorised person (including, without limitation, any nominee) acting on behalf of the Crown.
- (B) The Special Shareholder shall be entitled to receive notice of, and to attend and speak at, any general meeting or any meeting of any other class of shareholders of the company, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (C) On a distribution of capital in a winding-up of the company the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to any repayment of capital to any other member.
- (D) The Special Shareholder shall be entitled at any time to require:
 - (a) the directors to declare and pay a dividend to the holders of the shares and the Special Shareholder (or their nominees) in accordance with their respective rights as members; and/or
 - (b) the company to procure that any of the members of the group declare and pay a dividend to its shareholders

of such an amount and to be satisfied in such manner (whether in cash, in specie or otherwise) as may be determined by the Special Shareholder at its discretion in order to give effect to, or otherwise in connection with, the

powers vested in the Secretary of State under section 72 of the Postal Services Act (and, in the event of any request being received pursuant to this Article 11(D), the directors and/or the company shall do all such things as are duly required by the Special Shareholder to be done (and, where appropriate, shall procure that they are done) (including if so required by the Special Shareholder making application to the court to effect any reductions of share capital, share premium account or capital redemption reserve) as soon as is reasonably practicable, and in any event, (save where any such reduction of share capital, share premium account or capital redemption reserve has been applied for) the company will pay any dividend required in accordance with Article 11(D)(a), (and, as required by the Special Shareholder, shall have procured the payment to the company of any dividend) within 40 days of the Special Shareholder notifying the requirement that the said dividend be paid by the company).

- (E) Save as provided above, the Special Share shall confer no other right to participate in the capital or profits of the company.
- (F) The Special Shareholder may, subject to the provisions of the Act, require the company to redeem the Special Share at par (such sum being payable on redemption) at any time by serving written notice upon the company and delivering to the company the relevant share certificate. The company shall not be able to redeem the Special Share without the prior consent of the Special Shareholder.
- (G) The provisions of this Article 11 shall be subject to Article 130.

12. VARIATION OF SPECIAL SHARE RIGHTS

12.1 Matters requiring consent

Notwithstanding any provision in these articles to the contrary other than Article 130, each of the following shall be deemed to be a variation of the rights attaching to the Special Share and accordingly shall occur and be effective only with the prior written consent of the Special Shareholder:

- (A) the alteration or deletion of, or the ratification of any breach of all or any part of the memorandum of association of the company (or of any licence holder or network subsidiary), or all or any part of these articles (or of any licence holder or network subsidiary);
- (B) in respect of the company, any network subsidiary, any relevant subsidiary, or any group company purchased out of public funds, the voluntary winding-up of such company, the passing of a special resolution to the effect that such company should be wound-up by the court, the presentation by any member of the group (whether solely or jointly with any other person) of a petition for the winding-up of such company, or any proposal for any of the foregoing;
- (C) in respect of the company, any network subsidiary, any relevant subsidiary, or any group company purchased out of public funds, the presentation by any member of the group (whether solely or jointly with each other or with any other person) of a petition applying for the appointment of an administrator of such company, or any proposal therefor;

- (D) the variation of any rights attached to any shares in any member of the group in so far as such variation affects the rights attached to the Special Share;
- (E) the declaration or payment of any dividend or the making of any distribution by the company other than in accordance with the Strategic Plan;
- (F) any distribution, payment or return to shareholders of the company out of capital;
- (G) the issue of any shares or share rights in any relevant subsidiary other than to the Secretary of State, the Treasury, any nominee of either of them or to the company or any other relevant subsidiary or any nominee of either of them;
- (H) the transfer or other disposal of any issued shares or share rights in any relevant subsidiary other than to the Secretary of State, the Treasury or any nominee of either of them, or to the company or any other relevant subsidiary or any nominee of either of them;
- (I) the redemption or purchase by the company or any relevant subsidiary of any share in itself or the reduction of the share capital of the company or any relevant subsidiary, or any uncalled or unpaid liability in respect thereof, capital redemption reserve or share premium account of the company or any relevant subsidiary or the passing of any resolution authorising any of the foregoing;
- (J) the adoption of any accounting reference date or any material variation of the accounting practices and policies to be applied in the preparation of the accounts of any member of the group, if different from the practices or policies then adopted or applied by other members of the group (other than any accounting practice or policy required to be adopted by law or required by generally accepted accounting principles applying in the place of incorporation of the company or the relevant member of the group);
- (K) the:
 - (a) appointment or removal from office of any non-executive director of the company or of any licence holder or of any network subsidiary;
 - (b) appointment or removal from office of any executive director of the company;
 - (c) appointment or removal from office of any director of the company or of any licence holder or of any network subsidiary designated or re-designated at any time as chief executive officer of that company or otherwise carrying out the general management functions of a chief executive officer of that company or the group;
 - (d) appointment or removal of any person as chief executive of the company or of any licence holder or any network subsidiary (whether or not immediately prior to that appointment he was a director of the relevant company, licence holder or network subsidiary and whether or not immediately after his removal he continues to be a director of the same), and "chief executive" shall refer to any person carrying out the

general management functions of a chief executive officer of a company or the group

or any change in the prescribed maximum or minimum number of directors of the company or of any licence holder or of any network subsidiary or the appointment of any person other than i) a director of the company as an alternate director of any director of the company; or ii) a director of a licence holder or the company as an alternate director of any director of that licence holder; or iii) a director of a network subsidiary or the company as an alternate director of any director of that network subsidiary;

- (L) the adoption of a Strategic Plan or any material variation or amendment of a Strategic Plan previously adopted;
- (M) save as specifically provided for in the approved Strategic Plan, any substantial alteration in the nature of the business carried on by the company or any relevant subsidiary;
- (N) the entry into any relevant transaction under which any one or more members of the group, directly or indirectly, ceases to own or retain any such interest as it may have in any asset in the absence of which the group might reasonably be considered to be unable to continue to perform the core business in the manner and to the standard required by the Postal Services Act and applicable regulations (and any requirements made thereunder), except in circumstances under which the relevant asset remains available for exclusive use by any one or more members of the group for the remainder of its useful economic life or until it is fully depreciated;
- (O) any arrangement whereby the directors of any member of the group shall cease to determine the general policy of the relevant member of the group and the scope of the activity and operation of the relevant member of the group or cease to determine all matters involving major or unusual decisions material to the business of the group taken as a whole or otherwise whereby the control of the management of the relevant member of the group shall pass from the directors thereof to any third party or body;
- (P) the entry into or implementation of a relevant transaction by any member of the group in relation to which (either individually or when taken together with all other relevant transactions (other than any relevant transaction previously approved under this article 12.1(P)) entered into or implemented in the previous 12 months) the percentage ratio resulting from any of the following calculations is 25 per cent. or more:
 - (a) the gross assets the subject of the relevant transaction divided by the gross assets of the group;
 - (b) the profit attributable to the assets the subject of the relevant transaction divided by the profits of the group;
 - (c) the turnover attributable to the assets the subject of the relevant transaction divided by the turnover of the group.

For the purposes of this article 12.1(P) and article 13(A):

- (i) the "**gross assets of the group**" means the total fixed assets of the group plus the total current assets of the group;
- (ii) in the case of:
 - (1) an acquisition of an interest in an undertaking which will result in consolidation of the net assets of that undertaking in the consolidated accounts of the group; or
 - (2) a disposal of an interest in an undertaking which will result in the net assets of that undertaking no longer being consolidated in the accounts of the group,the "**assets the subject of the relevant transaction**" means the value of 100 per cent. of that undertaking's assets irrespective of what interest is acquired or disposed of;
- (iii) in the case of an acquisition or disposal of an interest in an undertaking which does not fall within article 12.1(P)(ii), "**the assets the subject of the relevant transaction**" means:
 - (1) for an acquisition, the value of the consideration; and
 - (2) for a disposal of an interest, the value attributed to that interest in the group's accounts;
- (iv) in the case of an acquisition of assets other than an interest in an undertaking the assets the subject of the relevant transaction means the consideration or, if greater, the book value of those assets;
- (v) in the case of a disposal of assets other than an interest in an undertaking, the assets the subject of the relevant transaction means the book value of the assets;
- (vi) "**profits**" means profits after deducting all charges except taxation and extraordinary items. In the case of an acquisition or disposal of an interest in an undertaking which falls within article 12.1(P)(ii), profits means 100 per cent. of the profits of the undertaking irrespective of what interest is acquired or disposed of;
- (vii) "**consideration**" is the amount paid to the vendors in the relevant transaction including amounts corresponding to the assumption by the purchaser of any liabilities whether actual or contingent (including the repayment of inter-company or third party debt) as part of the terms of the transaction;
- (viii) if deferred consideration is or may be payable or receivable by the relevant member of the group in the future, the

"consideration" is the maximum total consideration payable or receivable under the agreement;

- (ix) except as stated below the figures used for the calculation of the percentage ratios must be:
 - (1) in the case of "assets" and "profits", the figures shown in the latest published audited consolidated accounts or, where the company has, or will have, published a preliminary statement of later annual results at the time the terms of a relevant transaction are agreed, the figures shown in that preliminary statement;
 - (2) in the case of consideration in the form of listed or quoted securities, the aggregate market value of all those securities;

Where the company has published a half-yearly report comprising, inter alia, a balance sheet, that balance sheet must be used for classification purposes when calculating the percentage ratios for the purpose of this article 12.1(P);

- (Q) the entry by any member of the group into any relevant transaction which is not on commercial terms and is not considered by the directors of that member to be in the interests of that member;
- (R) (i) the sale, assignment, charging, mortgaging or outright disposal by any member of the group of any Trade Mark in any of the Primary Territories (ii) the granting of an exclusive licence by any member of the group which prevents the group from using any Trade Mark in any of the Primary Territories (iii) the taking of any action by any member of the group with the intention of jeopardising any Trade Mark in any of the Primary Territories (iv) the taking of any action by any member of the group which has the effect of causing any Trade Mark in any of the Primary Territories to cease to subsist, or (v) the taking of any decision or action which has the effect of allowing rights in respect of any Trade Mark in any of the Primary Territories to lapse;
- (S) (i) the sale, assignment, charging, mortgaging or outright disposal by any member of the group of any Trade Mark in any of the Secondary Territories (ii) the granting of an exclusive licence by any member of the group which prevents the group from using any Trade Mark in any of the Secondary Territories, or (iii) the taking of any action by any member of the group with the intention of jeopardizing any Trade Mark in any of the Secondary Territories (save that nothing in this Article 12.1(S) shall prevent any member of the group from allowing any Trade Mark to lapse in any of the Secondary Territories, or from ceasing to assert its rights in respect of any Trade Mark in the Secondary Territories);
- (T) the approval of or agreement to or any material variation or amendment to:
 - (a) the remuneration (including, without limitation, salary, share options, bonuses, benefits in kind and pension rights) paid or granted by any member of the group to:

- (i) any director of the company;
- (ii) any director of any licence holder; or
- (iii) any director of any network subsidiary

if that director was appointed by the Special Shareholder or the appointment of that director was duly consented to or deemed consented to by the Special Shareholder in accordance with the provisions of article 12.1(K); or

- (b) the terms and conditions of employment or engagement by any member of the group of:
 - (i) any of the directors of the company;
 - (ii) any director of any licence holder; or
 - (iii) any director of any network subsidiary

if that director was appointed by the Special Shareholder or the appointment of that director was duly consented to or deemed consented to by the Special Shareholder in accordance with the provisions of article 12.1(K);

- (U) (a) the incurring of (or entry into of any commitment to incur) any borrowing by any member of the group in circumstances where the borrowing:
 - (i) (1) individually; or
 - (2) taken together with the aggregate principal amount in respect of borrowings already incurred in the same accounting period without approval under this article 12.1(U); or
 - (3) if part of any series of related borrowings to finance a single investment, then taken together with the aggregate principal amount incurred in respect of such related borrowings

exceeds £75 million; or

- (ii) is to be provided from any source other than the National Loans Fund or the Crown, save in respect of borrowings which are due within one year or less from the Secretary of State, the Bank of England and (other) Monetary Financial Institutions, a Local Authority or a Public Corporation; or
- (iii) if taken together with the aggregate principal amount outstanding of all money borrowed by the group from any source (excluding amounts borrowed by any member of the group from any other member of the group, other than amounts to be taken into account under article 12.1(U)(b)(v) below) exceeds an amount equal to the lesser of £5,000 million and 2.5 times the aggregate of:

- (1) the amount paid up on the issued share capital of the company; and
 - (2) the total of the capital and revenue reserves of the group, including any share premium account, capital redemption reserve and credit balance on the profit and loss account, but excluding sums set aside for taxation and amounts attributable to outside shareholders in subsidiary undertakings of the company and deducting any debit balance on the profit and loss account, all as shown in the then latest audited consolidated balance sheet and profit and loss account of the group (or if consolidated financial statements are not prepared, in the latest audited balance sheet and profit and loss account of each member of the group), but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account or capital redemption reserve of the company since the date of that balance sheet and further adjusted as may be necessary to reflect any change since that date in the companies comprising the group;
- (b) for the purposes of this article 12.1(U), but without prejudice to the generality of the terms "borrowing" and "borrowed":
- (i) borrowings inherited by the company under section 62 of the Postal Services Act shall be taken into account as money borrowed;
 - (ii) borrowings assumed by the company at the direction of the Secretary of State pursuant to section 74 of the Postal Services Act shall be taken into account as money borrowed, save to the extent that any such money is borrowed for the purposes of funding any dividend required to be paid pursuant to article 11(D);
 - (iii) amounts borrowed for the purpose of repaying the whole or any part of any amounts previously borrowed and then outstanding (including any premium payable on final repayment) and to be applied for that purpose within six months of the borrowing shall not, pending such application, be taken into account as money borrowed;
 - (iv) the principal amount (including any premium payable on final repayment) of any debt securities issued in whole or in part for a consideration other than cash shall be taken into account as money borrowed by the member of the group issuing them;
 - (v) money borrowed by any member of the group and not owing to another member of the group shall be taken into account as money borrowed and money borrowed by any member of the

group and owing to another member of the group shall not be so taken into account;

- (vi) borrowings of an undertaking which became a subsidiary undertaking of the company after the date as at which the latest audited balance sheet was prepared shall not, pending the date of the next consolidated audited balance sheet, be taken into account as money borrowed to the extent that the amount of those borrowings does not exceed their amount immediately after such undertaking became a subsidiary undertaking;
 - (vii) amounts outstanding under any arrangement entered into in the ordinary course of its business by any member of the group for the leasing or hire purchase of any assets shall not be taken into account as money borrowed; and
 - (viii) any amounts outstanding under sections 71(2)(b), (c), (d) and (e) of the Postal Services Act shall be taken into account as moneys borrowed.
- (c) for the purposes of this article 12.1(U) the following phrases shall have the following meanings:
- "Local Authority"** has the meaning given to it in sections 1(2) and (3) of the Local Government Act 1999 extended to include any district, island or regional council in Scotland or any county or district council in Northern Ireland;
- "Public Corporation"** means any body within the definition of that expression in the edition of the "Classification of Accounts Guide Part III — Sector Categories" current at the time that the relevant borrowings are made; and
- "The Bank of England and (other) Monetary Financial Institutions"** means any body within the definition of that expression in the edition of "Classification of Accounts Guide Part III — Sector Categories" current at the time that the relevant borrowings are made;
- (d) in calculating the aggregate amount of borrowings for the purpose of this article 12.1(U), money borrowed by any member of the group which is denominated or repayable in a currency other than sterling shall be treated as converted into sterling;
- (i) at the rate of exchange used for the conversion of that currency in the latest audited balance sheet of that member; or
 - (ii) if no rate was so used, at the middle-market rate of exchange prevailing in London at the close of business on the date of that balance sheet, but if the amount in sterling resulting from conversion at that rate would be greater than that resulting from conversion at the middle-market rate prevailing in London at the close of business on the business day immediately

preceding the day on which the calculation falls to be made, the latter rate shall apply instead;

- (e) no debt incurred or security given in respect of money borrowed in excess of the above limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded, but no lender or other person dealing with the company shall be concerned to see or enquire whether such limit is observed;
- (f) if any accounting period of the company shall be longer or shorter than twelve months then the amount of £75 million referred to in article 121(U)(a)(i) above shall be altered in respect of that accounting period by multiplying it by the number of days in that accounting period and dividing the product by 365;
- (V) the appointment or removal of any person as chairman of the company or of any licence holder or of any network subsidiary;
- (W) the sale, transfer or disposal of or other dealing (together referred to as "dealing") with all or any part of the issued share capital of the company, any network subsidiary or any licence holder (or any other interest therein);
- (X) (save for dealings in the ordinary course of business which result in compliance with the requirement of Article 117(B) at the close of business each day), the sale, transfer or disposal of, or other dealing with (or the creation (or permission to subsist) of any mortgage, pledge, lien, charge, equitable interest, third party right, assignment, hypothecation or other agreement or arrangement which has the effect of granting security over) government securities held by any member of the group for the purpose described in article 117(B);
- (Y) the company or any subsidiary applying or reallocating all or any part of any reserve created in compliance with a direction given pursuant to section 72 of the Postal Services Act; and
- (Z) where required, the approval of or any agreement to any variation or amendment to the definition of "government securities", as that term is defined in or in accordance with the articles of association of any subsidiary of the company.
- (AA) any action taken by the company or the board (including any appointment, removal or re-designation) which would have the effect that:
 - (a) the board ceased to include directors appointed to the post of Chairman, Chief Executive, Finance Director and Human Resources Director (or directors carrying out the general functions denoted by such posts); or
 - (b) the board ceased to include the Chairman for the time being and Chief Executive for the time being of Royal Mail Group PLC and Post Office Limited.

12.2 Approval Procedure

- (A) Whenever the company wishes to obtain the Special Shareholder's consent to any matter set out in article 12.1 (other than 12.1(G), 12.1(H) and 12.1(U)):
- (a) the company shall give notice to the Special Shareholder, such notice to:-
 - (i) be in writing;
 - (ii) be addressed to such persons as the Special Shareholder shall, from time to time, notify in writing to the Company;
 - (iii) be delivered by hand;
 - (iv) clearly state that it is important and requires immediate attention;
 - (v) clearly identify itself as a notice served pursuant to this article 12.2 and that failure to respond within ten business days will result in the Special Shareholder being deemed to have given his consent to the matter in question; and
 - (vi) contain or annex such information as can reasonably be expected to enable the Special Shareholder to consider the matter being proposed.
 - (b) On or before the date which falls ten business days after the date of receipt of such notice (the "**Initial Expiry Date**") the Special Shareholder shall give written notice to the secretary stating:
 - (i) his consent to the matter contained in the notice; or
 - (ii) his refusal to consent to the matter contained in the notice (providing in reasonable detail and on a confidential basis the reasons for such refusal); or
 - (iii) that he requires a further ten business days in which to consider the matter, commencing on the business day following the Initial Expiry Date.
- (B) If on or before the Initial Expiry Date the Special Shareholder gives written notice to the company pursuant to article 12.2(A)(b)(iii) the Special Shareholder shall, on or before the date which falls ten business days after the Initial Expiry Date, give a further written notice to the secretary stating:
- (a) his consent to the matter contained in the notice; or
 - (b) his refusal to consent to the matter contained in the notice (providing in reasonable detail and on a confidential basis the reasons for such refusal).
- (C) The Special Shareholder may, at any time, request from the company such further information as it reasonably requires in order to assist it to consider the

matter being proposed and the company shall deliver such information to the Special Shareholder as soon as reasonably practicable thereafter.

- (D) If the company does not receive any notice from the Special Shareholder pursuant to article 12.2(A)(b) on or before the Initial Expiry Date or pursuant to article 12.2(B) within the further period referred to therein, the company shall be entitled to undertake the matter contained in the notice issued by it pursuant to article 12.2(A)(a) and the consent of the Special Shareholder shall be deemed irrevocably given to such matter.
 - (E) In favour of any third party dealing with any member of the group a certificate by any director or the secretary to the effect that the Special Shareholder shall have been deemed to have given his consent to any matter as a result of the operation of article 12.2(D) above shall be conclusive and binding as to that fact.
- 12.3 (A) Whenever the company wishes to obtain the Special Shareholder's consent to any matter set out in article 12.1(U), the company shall give notice to the Special Shareholder in accordance with articles 12.2(A)(a)(i) to (iv) and (vi), such notice to clearly identify itself as a notice served pursuant to this article 12.3 and that failure to respond within 28 business days will result in the Special Shareholder being deemed to have given his consent to the matter in question.
- (B) On or before the date which falls 28 business days after the date of receipt of such notice (the "**Expiry Date**") the Special Shareholder shall give written notice to the secretary stating:
- (a) his consent to the matter contained in the notice; or
 - (b) his refusal to consent to the matter contained in the notice (providing in reasonable detail and on a confidential basis the reasons for such refusal).
- (C) The Special Shareholder may, at any time before the Expiry Date request from the company such further information as it reasonably requires in order to assist it to consider the matter being proposed and the company shall deliver such information to the Special Shareholder as soon as reasonably practicable thereafter.
- (D) If the company does not receive any notice from the Special Shareholder pursuant to article 12.3(B) on or before the Expiry Date the company shall be entitled to undertake the matter contained in the notice issued by it pursuant to paragraph 12.3(A) and the consent of the Special Shareholder shall be deemed irrevocably given to such matter.
- (E) In favour of a third party dealing with any member of the group a certificate by any director or the secretary to the effect that the Special Shareholder shall have been deemed to have given its consent to any matter as a result of the operation of article 12.3(D) above shall be conclusive and binding as such.
- 12.4 (A) Whenever the company wishes to obtain the Special Shareholder's consent to any matter set out in articles 12.1(G) and 12.1(H), the company shall give

notice to the Special Shareholder in accordance with articles 12.2(A)(a)(i) to (iv) and (vi), such notice to clearly identify itself as a notice served pursuant to this article 12.4.

- (B) On or before the date which falls 10 business days after the date of receipt of such notice (the "**Expiry Date**") the Special Shareholder shall give written notice to the secretary stating:
- (a) his consent to the matter contained in the notice (subject to such conditions, if any, as the Special Shareholder may impose) and his agreement to move or to procure the moving of a motion in relation to the matter contained in the notice before each house of Parliament in accordance with section 67 of the Postal Services Act; or
 - (b) his refusal to consent to the matter contained in the notice and to move or procure the moving of such a motion (providing in reasonable detail and on a confidential basis the reasons for such refusal).
- (C) The Special Shareholder may, at any time before the Expiry Date request from the company such further information as it reasonably requires in order to assist it to consider the matter being proposed and the company shall deliver such information to the Special Shareholder as soon as reasonably practicable thereafter.
- (D) In the event that a motion is moved before Parliament pursuant to article 12.4 (B)(a), the Special Shareholder shall, on or before the date which falls 2 business days after the date such motion is approved or, as the case may be, rejected by a resolution of either House of Parliament, give written notice to the secretary confirming whether or not such motion was duly approved and, if so, the precise terms of such approval.

12.5 Delivery of any notice served upon the Special Shareholder under articles 12.2, 12.3 and 12.4 shall be evidenced by a receipt acknowledging delivery signed and dated by one of the addressees of the relevant notice and such notice shall be deemed to have been received on the date on which the receipt acknowledging delivery of the same is signed.

12.6 The directors of the company will exercise all powers exercisable by the company in relation to group subsidiaries so as to ensure that no subsidiary shall take any action which (either alone or when taken together with any other action) would result in the variation of any of the rights attached to the Special Share.

12.7 The provisions of this Article 12 shall be subject to Article 130.

13. INFORMATION

- (A) Within five business days after the terms of a major transaction are agreed by a member of the group (or following any significant change to such terms) the company must issue a public announcement to the press in the United Kingdom containing at least the following information:
- (a) brief particulars of the transaction, including the name and brief details of any company or business involved (where relevant);

- (b) a description of the business carried on by or using the assets the subject of the transaction;
 - (c) the consideration and how it is being satisfied (including the terms of any arrangements for deferred consideration);
 - (d) the value of the net assets the subject of the transaction;
 - (e) the profits attributable to the net assets the subject of the transaction;
 - (f) the effect of the transaction on the group, including the commercial rationale behind such transaction, any anticipated effect on the group's ability to perform the core business in the manner required by the Postal Services Act and applicable regulations (or if none, an appropriate negative statement) and details of any benefits which are expected to accrue to the group as a result of the transaction; and
 - (g) in the case of a disposal, the anticipated application of the sale proceeds.
- (B) Any public announcement issued pursuant to article 13(A) shall be delivered in draft form to the Special Shareholder on a business day not less than 24 hours before its issue.
- (C) Notwithstanding any other provision of these articles, the Special Shareholder shall be entitled to request such information in relation to the affairs of the group (or any particular member of the group) as it may consider necessary or desirable. The company shall use its reasonable endeavours to comply promptly with such requests for information from time to time, but only in so far as the company has such information within its possession or such information can reasonably be obtained by it.
- (D) Notwithstanding any other provision of these articles the company shall, at the request of the Special Shareholder, procure that such specified or other relevant directors and senior managers of the company, any licence holder and any network subsidiary shall meet with the Special Shareholder (or its representatives) to discuss the affairs of the group (or any particular member of the group) and the company shall release and procure that any licence holder and network subsidiary shall release such directors or managers from any obligation of confidentiality owed to the company or such subsidiary for the purpose of these discussions.

14. NOTIFICATION

- (A) The board shall, prior to taking any final decision on a Relevant Issue (a "Relevant Decision"), give to the Special Shareholder notice in writing setting out details of the Relevant Issue and the preliminary decision (if any) reached by the board in relation thereto.
- (B) Any notice given pursuant to Article 14(A) shall be given not less than ten business days before the Relevant Decision is taken unless, as a result of the urgency of the Relevant Issue, it would, in the opinion of the board, be materially prejudicial to the company or the group to delay making a decision

on the Relevant Issue, in which case the notice may be given on shorter notice but not less than three business days prior to the taking of the Relevant Decision.

- (C) Any notice provided to the Special Shareholder under Article 14 (A) shall:
- (a) be in writing;
 - (b) be delivered by hand;
 - (c) clearly identify that it is important, requires immediate attention, and that it is a notice served under Article 14; and
 - (d) contain or annex such information as is reasonably necessary to enable the Special Shareholder to consider the Relevant Issue.
- (D) An issue is a Relevant Issue if, in the reasonable opinion of the board:
- (a) it is not set out in reasonable detail in an approved Strategic Plan;
 - (b) it is an issue which may have material adverse effect upon the business or financial prospects of either a licence holder or any network subsidiary and a corresponding benefit for the other of them; and
 - (c) it falls within either of the following categories, namely:
 - (i) it involves or is likely to involve the incurring of a capital commitment or liability, or the payment of a capital sum, in each case by a licence holder or network subsidiary, of an amount in excess of £20 million (and for this purpose a series of related transactions in any six month period shall be aggregated); or
 - (ii) it has or is likely to have a net impact on the annual net revenues after tax of a licence holder or network subsidiary in excess of £20 million per six months.
- (E) For the purposes of this article, the board shall procure that any Relevant Issue is referred to the board for consideration.

SHARE CERTIFICATES

15. RIGHT TO SHARE CERTIFICATES

Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the board may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The company shall not be bound to

issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

16. REPLACEMENT OF SHARE CERTIFICATES

If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the company in investigating evidence as the board may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

17. COMPANY'S LIEN ON SHARES NOT FULLY PAID

The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The board may at any time declare any share to be wholly or in part exempt from the provisions of this article. The company's lien on a share shall extend to any amount payable in respect of it.

18. ENFORCING LIEN BY SALE

The company may sell in such manner as the board may determine any shares on which the company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold. To give effect to a sale, the board may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

19. APPLICATION OF PROCEEDS OF SALE

The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

20. CALLS

Subject to the terms of allotment, the board may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may be revoked in whole or part and payment of a call

may be postponed in whole or part as the board may decide. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made. A call shall be deemed to have been made at the time when the resolution of the board authorising the call was passed.

21. LIABILITY OF JOINT HOLDERS

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

22. INTEREST DUE ON NON-PAYMENT

If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the board may waive payment of the interest wholly or in part.

23. SUMS DUE ON ALLOTMENT TREATED AS CALLS

An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.

24. POWER TO DIFFERENTIATE

Subject to the terms of allotment, the board may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.

FORFEITURE OF SHARES

25. NOTICE IF CALL OR INSTALMENT NOT PAID

If a call remains unpaid after it has become due and payable the board may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

26. FORFEITURE FOR NON-COMPLIANCE WITH NOTICE

If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the board and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

27. SALE OF FORFEITED SHARES

Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the board determines

either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re- allotment or other disposition, the forfeiture may be cancelled on such terms as the board thinks fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the board may authorise some person to execute an instrument of transfer of the share to that person.

28. ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE

A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the company for cancellation the certificate for the shares forfeited but shall remain liable to the company for all moneys which at the date of forfeiture were presently payable by him to the company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the board may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

29. STATUTORY DECLARATION AS TO FORFEITURE

A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

30. EXECUTION OF TRANSFER

The instrument of transfer of a share may be in any usual form or in any other form which the board may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

31. RIGHT TO DECLINE REGISTRATION

The board may refuse to register the transfer of a share which is not fully paid to a person of whom they do not approve and they may refuse to register the transfer of a share on which the company has a lien or where such transfer is restricted by the Act or the articles. They may also refuse to register a transfer unless -

- (A) it is lodged at the office or at such other place as the board may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer;
- (B) it is in respect of only one class of shares; and
- (C) it is in favour of not more than four transferees.

32. NOTICE OF REFUSAL

If the board refuses to register a transfer of a share, it shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.

33. SUSPENSION OF REGISTRATION

The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the board may determine.

34. NO FEE FOR REGISTRATION

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

35. RETENTION OF INSTRUMENT OF TRANSFER

The company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

TRANSMISSION OF SHARES

36. TRANSMISSION ON DEATH

If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

37. ELECTION OF PERSON ENTITLED BY TRANSMISSION

A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the board may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.

38. RIGHTS OF PERSON ENTITLED BY TRANSMISSION

A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the company or at any separate meeting of the holders of any class of shares in the company.

ALTERATION OF SHARE CAPITAL

39. INCREASE, CONSOLIDATION, SUB-DIVISION AND CANCELLATION

The company may by ordinary resolution-

- (A) increase its share capital by new shares of such amount as the resolution prescribes;
- (B) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (C) subject to the provisions of the Act, sub- divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub- division, any of them may have any preference or advantage as compared with the others; and
- (D) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

40. FRACTIONS

Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the board may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the company) and distribute the net proceeds of sale in due proportion among those members, and the board may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

41. REDUCTION OF CAPITAL

Subject to the provisions of the Act and the articles, the company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

42. PURCHASE OF OWN SHARES

Subject to the provisions of the Act and the articles, the company may purchase its own shares (including any redeemable shares).

GENERAL MEETINGS**43. EXTRAORDINARY GENERAL MEETINGS**

All general meetings other than annual general meetings shall be called extraordinary general meetings.

44. CALLING OF EXTRAORDINARY GENERAL MEETING

The board may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. 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.

45. ANNUAL GENERAL MEETINGS

The board shall convene and the company shall hold general meetings as annual general meetings in accordance with the requirements of the Act.

NOTICE OF GENERAL MEETINGS

46. LENGTH OF NOTICE

An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty- one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed -

- (A) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (B) in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety- five per cent. in nominal value of the shares giving that right.

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members other than any who under the provisions of these articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the company, and also to the auditors or, if more than one, each of them.

47. OMISSION OR NON-RECEIPT OF NOTICE

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.

48. POSTPONEMENT OF GENERAL MEETINGS

If the board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, it may postpone the general meeting to another date, time and place. When a meeting is so postponed, notice of the date, time and place of the postponed meeting shall be given to the members. Notice of the business to be transacted at such postponed meeting shall not be required.

PROCEEDINGS AT GENERAL MEETINGS**49. QUORUM**

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum. If, and for so long as, the company has only one member, that member or the proxy for that member or, where that member is a corporation, its duly authorised representative shall be a quorum at any general meeting of the company or of the holders of any class of shares.

50. PROCEDURE IF QUORUM NOT PRESENT

If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the board may determine.

51. CHAIRMAN OF GENERAL MEETING

The chairman, if any, of the board or in his absence some other director nominated by the board shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, 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. 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.

52. ORDERLY CONDUCT

The chairman shall take such action as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting and the chairman's decision on matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his determination as to whether any matter is of such a nature.

53. ENTITLEMENT TO ATTEND AND SPEAK

Each director shall be entitled to attend and speak at any general meeting of the company and at any separate general meeting of the holders of any class of shares in the company. The chairman may invite any person to attend and speak at any general meeting of the company whom the chairman considers to be equipped by knowledge or experience of the company's business to assist in the deliberations of the meeting. In addition, the chairman may invite any person who has been nominated for the purpose by a member, where the chairman is satisfied that such time as the chairman may determine, the member holds any shares in the company as such person's nominee, to attend and, if the chairman considers it appropriate, to speak at any general meeting of the company.

54. ADJOURNMENTS

The chairman may, without seeking the consent of the meeting (whether or not it has commenced or a quorum is present) adjourn any 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 the adjournment not taken place. When a meeting is adjourned for fourteen 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.

55. AMENDMENTS RULED OUT OF ORDER

If an amendment proposed to any resolution under consideration is ruled out of order by the chairman, the proceedings on the resolution shall not be invalidated by any error in the ruling.

VOTING

56. VOTES OF MEMBERS

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of these articles, on a show of hands every member who is present in person at a general meeting of the company shall have one vote. Proxies shall not vote on a show of hands. On a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

57. METHOD OF VOTING

A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded -

- (A) by the chairman; or
- (B) by at least two members having the right to vote at the meeting; or
- (C) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (D) by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

58. PROCEDURE IF POLL NOT DEMANDED

Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall

be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

59. WITHDRAWAL OF DEMAND FOR POLL

The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

60. PROCEDURE IF POLL DEMANDED

A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

61. CASTING VOTE OF CHAIRMAN

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

62. WHEN POLL TO BE TAKEN

A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

63. NO NOTICE OF POLL

No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

64. VOTES OF JOINT HOLDERS

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.

65. VOTING ON BEHALF OF INCAPABLE MEMBER

A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the board of the authority of the person claiming to

exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

66. NO RIGHT TO VOTE WHERE SUMS OVERDUE ON SHARES

No member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.

67. OBJECTIONS OR ERRORS IN VOTING

If:-

- (A) any objection shall be raised to the qualification of any voter, or
- (B) any votes have been counted which ought not to have been counted or which might have been rejected, or
- (C) any votes are not counted which ought to have been counted,

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless it is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be conclusive.

PROXIES

68. APPOINTMENT OF PROXY

On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.

69. FORM OF PROXY

An instrument appointing a proxy shall be in writing, 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 board may approve):-

"Royal Mail Holdings plc

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 annual/extraordinary general meeting of the company to be held on [_____] 20 _____, and at any adjournment thereof.

Signed on []
20 ."

70. INSTRUCTIONS TO PROXY

Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing 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 board may approve) -

"Royal Mail Holdings plc

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 annual/extraordinary general meeting of the company to be held on [] 20 , 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 on [] 20 ."

71. DELIVERY OF PROXIES

The instrument appointing 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 board may -

- (A) be deposited at the office or at such other place within the United Kingdom as is 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 a poll taken more than forty- eight hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than twenty- four hours before the time appointed for the taking of the poll; or
- (C) where the poll is not taken forthwith but is taken not more than forty-eight hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director,

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid. The directors may at their discretion treat a faxed or other machine made copy of an instrument appointing a proxy as such an instrument for the purpose of this article.

72. CANCELLATION OF PROXY'S AUTHORITY

A vote given or poll demanded 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 or demanding a poll 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 before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

73. NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution and subject to the articles, the number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than two.

74. ALTERNATE DIRECTORS

- (A) Any director (other than an alternate director) may appoint any other director, or, subject to the articles, any other person approved by resolution of the board and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.
- (B) An alternate director shall be entitled to receive notice of all meetings of the board and of all meetings of committees of the board of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the company for his services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.
- (C) An alternate director shall cease to be an alternate director if his appointor ceases to be a director; but, if a director retires but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.
- (D) Any appointment or removal of an alternate director shall be by notice to the company signed by the director making or revoking the appointment or in any other manner approved by the board.
- (E) Save as otherwise provided in the articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his

own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

75. PERSONS ELIGIBLE AS DIRECTORS

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 fourteen nor more than thirty- five 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.

76. NOTICE OF APPOINTMENT OR REAPPOINTMENT

Not less than seven nor more than twenty- eight 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.

77. POWER OF BOARD TO APPOINT DIRECTORS

Subject to the articles, the board 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 the articles as the maximum number of directors. A director so appointed shall hold office only until the next following annual general meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.

78. NO AGE LIMIT OR SHARE QUALIFICATION

No director shall be required to retire or vacate his office, and no person shall be ineligible for appointment as a director, by reason of his having attained any particular age. No shareholding qualification for directors shall be required.

79. POSITION OF RETIRING DIRECTORS

Subject as aforesaid, a director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

80. DISQUALIFICATION AND REMOVAL OF DIRECTORS

- (A) Without prejudice to the provisions of the Act or the articles, the company may, by extraordinary resolution, remove a director before the expiry of his period of office (but such removal shall be without prejudice to any claim to damages for breach of any contract of service between the director and the company) and, subject to the articles, may, by ordinary resolution, appoint another person instead of him.
- (B) 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;
 - (e) he is removed pursuant to article 80(B) or 81; or
 - (f) he shall for more than six consecutive months have been absent without permission of the board from meetings of the board held during that period and the directors resolve that his office be vacated.

If the office of a director is vacated for any reason, he shall cease to be a member of any committee or sub- committee of the board.

81. APPOINTMENT OF CHAIRMAN AND DIRECTORS

(A) Chairman

The Special Shareholder shall be entitled from time to time to appoint and remove any person as chairman of the company by notice in writing delivered to the company and signed on behalf of the Special Shareholder. In addition the company shall on written notice from the Special Shareholder procure that any individual specified by the Special Shareholder in such notice is duly appointed or removed (as appropriate) as chairman of any licence holder or of any network subsidiary.

(B) Directors

The Special Shareholder shall be entitled from time to time to appoint and to remove any person as a director of the company by notice in writing delivered to the company and signed on behalf of the Special Shareholder. The chairman shall be required to consult with and obtain the approval of the Special Shareholder in relation to the appointment and the removal of any person as a director.

POWERS OF THE BOARD

82. GENERAL POWERS OF COMPANY VESTED IN THE BOARD

Subject to the provisions of the Act, the memorandum and the articles, the business of the company shall be managed by the board 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 board 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 board by the articles and a meeting of the board at which a quorum is present may exercise all powers exercisable by the board.

83. STRATEGIC PLAN

(A) Preparation and approval of Strategic Plan

No later than 31 December each year (or such other time as the Special Shareholder may from time to time agree with the board) the board shall submit to the Special Shareholder a draft Strategic Plan in relation to the group for the following five financial years, complying with the principles set out in article 83(C) below.

(B) Consultation with the Special Shareholder

(a) Further information

Within 10 business days (or such other time as the Special Shareholder may from time to time agree with the board) following receipt by the Special Shareholder of the draft Strategic Plan pursuant to article 83(A) above, the Special Shareholder shall be entitled to request such further information as may reasonably be necessary in order for it to reach an informed view as to the content, reasonableness and prudence of the draft Strategic Plan. The board shall, in so far as it is able to do so, comply with any such request within 10 business days of its receipt (or such other time as the Special Shareholder may from time to time agree with the board).

(b) Consultation

Following the receipt by the Special Shareholder of the draft Strategic Plan pursuant to article 83(A) above, and, as appropriate, any further information supplied pursuant to article 83(B)(a) above, the Special Shareholder and the board shall promptly consult upon the content of the plan (such consultation period to end no later than 20 Business Days (or such other time as the Special Shareholder may from time to time agree with the board) after receipt by the Special Shareholder of the draft Strategic Plan and further information provided pursuant to article 83(B)(a) as the case may be).

(c) Approval

The Special Shareholder shall within 20 Business days (or such other time as the Special Shareholder may from time to time agree with the board) of the end of the consultation period referred to in article 83(B)(b) above, approve the Strategic Plan, subject to such qualifications as the Special Shareholder may determine, or shall inform the board of its reasons for not approving the Strategic Plan, in which event the Special Shareholder shall request that the board prepare a new Strategic Plan to be submitted to the Special Shareholder within such time as shall be agreed with the Special Shareholder and in respect of which the provisions of this article 83 shall apply (*mutatis mutandis*).

(d) Amendments to the Strategic Plan

The board may from time to time request any changes to be made to any Strategic Plan approved by the Special Shareholder. Any such request shall be made to the Special Shareholder. The Special Shareholder may request further information and consult with the board about the proposed change in accordance with articles 83(B)(a) and (b) above, and shall then approve (or reject) the change in accordance with article 83(B)(c).

(C) Principles Governing the Strategic Plan

(a) Fundamental Objectives:

The Strategic Plan shall:

- (i) clearly set out the group's objectives and contain such information as can reasonably be expected to enable the Special Shareholder to give consideration to the strategic direction of the group's activities; and
- (ii) provide targets, expressed in terms of both cashflow and accounting rate of return and sufficient other financial information in order to enable the Special Shareholder to set the group's profit target and dividend floor and consider the framework of the group's borrowings.

(b) In particular the Strategic Plan shall:

- (i) include a statement of the overall commercial direction and goals of the group;
- (ii) summarise the way in which it has evolved from the previous Strategic Plan, including a high level evaluation of the value added by the new Strategic Plan;
- (iii) analyse the commercial and regulatory environment in which the group operates, including the board's view of the way in which the market is evolving and the development of competitors' activities;
- (iv) set out the group's strategic response to the commercial and regulatory environment, including:

- (1) its principal strategic options;
- (2) its proposals for meeting the universal service obligation;
- (3) its proposals for managing the nationwide network of post offices;
- (4) the key issues to be resolved in the Strategic Plan for the following financial year;
- (5) its strategic approach to remuneration of employees, including an expected ceiling on the aggregate level of employee remuneration; and
- (6) the resources needed, in particular personnel, technology and funding;
- (7) its high level financial and performance projections, at both the corporate and line-of-business level, with sensitivity analyses of the major risks;
- (8) outline possibilities and plans for entering into partnerships and alliances;
- (9) clear performance indicators which will enable the group's performance, in achieving its strategic objectives, to be measured; and
- (10) any proposals for entering into relevant transactions or for making any substantial alterations in the nature of the business carried on by any member of the group.

(D) Quarterly Information and Performance

The board shall prepare and discuss each quarter progress reports of the group's performance in relation to the Strategic Plan, and at the end of each quarter submit to the Special Shareholder its assessment of the group's performance in comparison with the Strategic Plan.

(E) Variations from Strategic Plan

If the information provided pursuant to article 83(D) above demonstrates a significant departure from the Strategic Plan, the board shall prepare a revised Strategic Plan for the remainder of the relevant financial year and the following four years which shall be submitted to the Special Shareholder within such time as shall be agreed with the Special Shareholder. The provisions of article 83(B)(d) above shall apply to such revised Strategic Plan.

(F) Effect of Approval of Strategic Plan

The approval of any Strategic Plan shall be deemed to be an approval of any matter within that Strategic Plan which would have required approval in accordance with article 12.1 if such matter is specifically identified with reasonable detail in that

Strategic Plan as being proposed for approval in accordance with that aforementioned article.

84. BORROWING POWERS

The board may exercise all the powers of the company to borrow and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company, but subject to the restrictions contained in the articles.

85. APPOINTMENT OF AGENT

The board 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 it determine, including authority for the agent to delegate all or any of his powers.

86. POWER TO PROVIDE FOR EMPLOYEES

The board may by resolution exercise any power conferred by the Act to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

87. POWER TO RECEIVE UNCALLED MONEYS

The board may, if it thinks fit, receive from any member willing to advance the same all or any part of the moneys uncalled and remaining unpaid on any shares held by him.

88. DELEGATION OF THE BOARD'S POWERS

The board may delegate any of its powers to any committee consisting of one or more directors with power to sub-delegate. It may also delegate to any managing director or any director holding any other executive office such of its powers as it considers desirable to be exercised by him. Any such delegation may be made subject to any conditions the board may impose, and either collaterally with or to the exclusion of its 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 the board so far as they are capable of applying.

REMUNERATION OF DIRECTORS

89. DIRECTORS' FEES

Subject to the articles, each of the directors shall be paid a fee at such rate as may from time to time be determined by the board provided that the aggregate of all fees so paid to directors (excluding amounts payable under any other provision of these articles) shall not exceed £300,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the company.

90. ADDITIONAL REMUNERATION

Subject to the articles, any director who performs services which in the opinion of the board or any committee authorised by the board go beyond the ordinary duties of a

director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board or any committee authorised by the board may in its discretion decide in addition to any remuneration provided for by or pursuant to any other article.

91. DIRECTORS' EXPENSES

The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at board meetings or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

92. MANAGING DIRECTOR AND EXECUTIVE OFFICE

Subject to the provisions of the Act and the articles, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the company and may enter into an agreement or arrangement with any director for his employment by the company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the company.

93. DIRECTORS' INTERESTS

Subject to the provisions of the Act, and provided that he has disclosed to the board 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.

94. NOTICE OF INTERESTS

For the purposes of article 93 -

- (A) a general notice given to the board 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.

DIRECTORS' GRATUITIES AND PENSIONS

95. DIRECTORS' GRATUITIES AND PENSIONS

Subject to the articles, the board may exercise all the powers of the company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any director or former director or the relations, connections or dependants of any director or former director who holds or has held any executive office or employment with the company or with any body corporate which is or has been a subsidiary of the company or with a predecessor in business of the company or of any such body corporate and may contribute to any fund and pay premiums for the purchase or provision of any such benefit. No director or former director shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company.

PROCEEDINGS OF DIRECTORS

96. BOARD MEETINGS

Subject to the provisions of the articles, the board may regulate its proceedings as it thinks fit. A director may, and the secretary at the request of a director shall, call a meeting of the board.

97. NOTICE

Notice of a meeting of the board 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 to him at his last known address or any other address given by him to the company for this purpose, or by any other means authorised in writing by the director concerned. Notice shall be given in this manner to all directors including any director who is for the time being absent from the United Kingdom. A director may waive notice of any meeting either prospectively or retrospectively.

98. VOTING

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. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

99. QUORUM

The quorum for the transaction of the business of the board may be fixed by the board and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.

100. DIRECTORS BELOW MINIMUM THROUGH VACANCIES

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.

101. CHAIRMAN

The chairman shall be the person appointed pursuant to article 81. In the absence of such appointment the directors may (subject to article 12) appoint one of their number to be the chairman of the board and may at any time remove him from that office. Unless he is unwilling to do so, the chairman shall preside at every meeting of the board 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 if the chairman 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.

102. VALIDITY OF ACTS OF BOARD OR COMMITTEE

All acts done by the board, or by a committee of directors, or by a person acting as a director or member of a committee shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or member of a committee or person so acting 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 or member of the committee and had been entitled to vote.

103. RESOLUTION IN WRITING

A resolution in writing signed by all the directors entitled to receive notice of a meeting of the board (if that number is sufficient to constitute a quorum) or by all the members of a committee of directors shall be as valid and effectual as if it had been passed at a board meeting 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; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

104. PARTICIPATION IN BOARD MEETINGS BY TELEPHONE

All or any of the members of the board or any committee of the board may participate in a board meeting or that committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such

a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting then is.

105. PERMITTED INTERESTS AND VOTING

- (A) Save as otherwise provided by the articles, a director shall not vote at a meeting of the board or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the company unless his interest or duty arises only because the case falls within one or more of the following paragraphs-
- (a) the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the company or any of its subsidiaries; and/or
 - (b) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the company or any of its subsidiaries for which the director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security; and/or
 - (c) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the company or any of its subsidiaries, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the company or any of its subsidiaries for subscription, purchase or exchange; and/or
 - (d) the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes.

For the purposes of this article, an interest of a person who is, for any purpose of the Act (excluding any statutory modification thereof not in force when this article becomes binding on the company), connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

- (B) A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
- (C) The company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the articles prohibiting a director from voting at a meeting of the board or of a committee of directors.
- (D) Where proposals are under consideration concerning the appointment of two or more directors to offices or employments with the company or any body corporate in which the company is interested the proposals may be divided and considered in relation to each director separately and (provided he is not for

another reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

- (E) If a question arises at a meeting of the board or of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

SECRETARY

106. APPOINTMENT AND REMOVAL OF COMPANY SECRETARY

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

107. KEEPING OF MINUTES

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, of the holders of any class of shares in the company, and of the board, and of committees of directors, including the names of the directors present at each such meeting.

THE SEAL

108. USE OF SEALS

The seal shall only be used by the authority of the board or of a committee of directors authorised by the board. The board may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

DIVIDENDS

109. DECLARATION OF DIVIDENDS

Subject to the provisions of the Act and the articles, the company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the board. Save in respect of dividends paid pursuant to article 11(D), the aggregate dividends paid in any accounting period of the company shall not exceed the greater of 40 per cent. of the company's net profits after tax in such accounting period and any dividend floor set by the Special Shareholder for such accounting period (as communicated by the Special Shareholder to the company in writing at the same time or immediately after the Special Shareholder approves the Strategic Plan (in accordance with these articles) for the five financial years commencing with such accounting period).

110. PAYMENT OF INTERIM AND FIXED DIVIDENDS BY BOARD

Subject to the provisions of the Act and the articles, the board may pay interim dividends if it appears to it that they are justified by the profits of the company available for distribution. If the share capital is divided into different classes, the board may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The board may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

111. CALCULATION OF DIVIDENDS

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms provided that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

112. DIVIDENDS NOT IN CASH

A general meeting declaring a dividend may, upon the recommendation of the board, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the board may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

113. PAYMENT OF DIVIDENDS

Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

114. NO INTEREST ON DIVIDENDS

No dividend or other moneys payable in respect of a share shall bear interest against the company unless otherwise provided by the rights attached to the share.

115. AMOUNTS DUE ON SHARES MAY BE DEDUCTED FROM DIVIDENDS

The board may deduct from any dividend or other moneys payable to a member by the company on or in respect of any shares all sums of money (if any) presently payable by him to the company on account of calls.

116. FORFEITURE OF UNCLAIMED DIVIDENDS

Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the company.

117. RESERVES AND SECTION 72 OF THE POSTAL SERVICES ACT

Upon receipt by the company or any member of the group of a direction made pursuant to section 72 of the Postal Services Act (a "section 72 direction") the company shall and shall procure that any member of the group to whom that section 72 direction applies shall:

- (A) forthwith comply with the terms of the section 72 direction;
- (B) (unless the Special Shareholder shall have expressly consented to the contrary in accordance with article 12.1) keep government securities of a value at least equal to the amount allocated or re-allocated to the reserve in compliance with the section 72 direction (together with interest accruing from time to time on such government securities) deposited to be held against and back such reserve; and
- (C) within 3 business days of the latest date specified in the section 72 direction pursuant to section 72(2) of the Postal Services Act confirm in writing to the Special Shareholder that:
 - (a) it, or the relevant member of the group (as appropriate), has duly complied with the terms of the section 72 direction;
 - (b) the allocations or re-allocations to the reserve described in the section 72 direction have been duly effected; and
 - (c) the government securities referred to in article 117(B) above have indeed been duly deposited to be held against and back such reserve

and the provisions of this Article 117(A) and (C)(a) shall apply mutatis mutandis in respect of the receipt by the company or any member of the group of a direction made pursuant to Section 74 of the Postal Services Act.

ACCOUNTS

118. RECORDS TO BE KEPT

The board shall cause to be kept accounting records sufficient to show and explain the company's transactions, and such as to disclose with reasonable accuracy at any time the financial position of the company at that time, and which accord with the Act.

119. INSPECTION OF RECORDS

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 board or by ordinary resolution of the company.

CAPITALISATION OF PROFITS

120. POWER TO CAPITALISE RESERVES AND FUNDS

The board may with the authority of an ordinary resolution of the company -

- (A) subject as hereinafter provided, resolve to capitalise any undivided profits of the company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the company's share premium account or capital redemption reserve;
- (B) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (C) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall so long as such shares remain partly paid rank for dividend only to the extent that the latter shares rank for dividend;
- (D) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions; and
- (E) authorise any person to enter on behalf of all the members concerned into an agreement with the company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

RECORD DATES

121. RECORD DATES

Notwithstanding any other provision of these articles, but without prejudice to the rights attached to any shares, the company or the directors may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made. Where such a record date is fixed, references in these articles to a holder of shares or member to whom a dividend is to be paid or a distribution, allotment or issue is to be made shall be construed accordingly.

NOTICES

122. NOTICES IN WRITING

Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of the board need not be in writing.

123. SERVICE OF NOTICES

Subject to the articles, the company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the company.

124. DEEMED RECEIPT OF NOTICE BY MEMBERS PRESENT AT MEETING

A member present, either in person or by proxy, at any meeting of the company or of the holders of any class of shares in the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

125. SHAREHOLDERS BOUND BY NOTICE

Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.

126. TIME OF SERVICE

Any notice or other document, if sent by the company by post, shall be deemed to have been served or delivered twenty four hours after posting and, in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post. Subject to the articles, any notice or other document left by the company at a registered address otherwise than by post, or sent by fax or telex or other instantaneous means of transmission, shall be deemed to have been served or delivered when it was so left or sent.

127. SERVICE OF NOTICE ON PERSON ENTITLED BY TRANSMISSION

A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

WINDING UP

128. DISTRIBUTION OF ASSETS OTHERWISE THAN IN CASH

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

INDEMNITY

129. INDEMNITY OF OFFICERS

Subject to the provisions of the Act, the company may indemnify any director or other officer against any liability and may purchase and maintain for any director or other officer insurance against any liability. Subject to those provisions, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director or other officer of the company shall be indemnified out of the assets of the company against any liability incurred by him as a director or other officer of the company, in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or he is acquitted or in connection with any application under the Act in which relief is granted to him by the court.

For the purposes of this article no person appointed or employed by the company as an auditor is an officer of the company.

PROVISIONS RELATING TO ARTICLES 11 AND 12

130. ARTICLES SUBJECT TO RELEVANT LAW

- (A) Nothing contained in Articles 11 or 12 shall have effect so as to require the company or any of the directors to (i) take any action; (ii) omit to take any action; or (iii) procure that any subsidiary of the company takes or omits to take any action which action or omission would, in the reasonable opinion of the board of the company or of such subsidiary, give rise to criminal or civil liability on the part of the company, such subsidiary or any of the directors of the company or such subsidiary, or any liability on any of the aforesaid for

breach of any statutory or common law duty or requirement (for the purposes of this Article 130, a "**relevant breach**").

- (B) If a relevant breach is capable of ratification by the shareholders of the company or subsidiary concerned, and such ratification would have the effect of removing or avoiding the consequences of the relevant breach (insofar as such consequences affect or would affect the company or subsidiary or any of their respective directors), then subject to the shareholders concerned providing a written undertaking to the company or subsidiary, as the case may be, that the requisite ratification will be provided, the action or omission which would (but for ratification), have given rise to the relevant breach shall be effected or, as the case may be, procured by the company as though this article 130 did not apply in relation thereto.
- (C) For the purposes of this Article 130, the "**reasonable opinion of the board**" in relation to a matter shall mean the reasonable opinion of the board of directors of the company or subsidiary concerned, having (i) as soon as is reasonably practicable taken and having had due regard to appropriate legal and/or financial advice, (ii) following the receipt of such advice, having promptly provided the same to the Special Shareholder and consulted with the Special Shareholder in relation to the said advice, and to the formation of the board's opinion on the relevant matter, and having had due regard to the views (if any) of the Special Shareholder notified to it in relation thereto, and (iii) where the Special Shareholder gives notice under Article 130(D), having had due regard to the independent advice consequently received and having consulted the Special Shareholder in relation thereto.
- (D) If in any case where the company or the directors seek to rely upon Article 130(A) in respect of any matter, the Special Shareholder has within 7 days of receipt of legal and/or financial advice pursuant to Article 130(C) notified the company that it requires independent advice to be taken in relation to the relevant matter(s) from an independent legal and/or financial adviser approved by the Special Shareholder, such advice to be addressed to the company, its directors and the Special Shareholder, the company shall (i) obtain such advice, and (ii) subject to (Article 130(A)) not take any decision or action in relation to the relevant matter until such advice shall have been obtained and the board shall have consulted the Special Shareholder in relation thereto.
- (E) In respect of any subsidiary of the company having a provision equivalent or substantially equivalent to this article 130 in its articles of association, the Special Shareholder shall be entitled to require the company (i) to serve upon such subsidiary any notice in connection with the said provision (ii) to procure that such subsidiary (a) serves any notice in connection with the said provision (or in connection with a provision equivalent or substantially equivalent thereto in the articles of association of a subsidiary of its own) (b) is directed to allow the Special Shareholder the right to receive any advice obtained pursuant to the said provision, and (c) is directed to allow the Special Shareholder the right to be an additional party in any consultation or to any approval required pursuant to the said provision.

1 **STATUTORY FRAMEWORK GOVERNING THE GROUP**

The Postal Services Act 2000 transferred the old Post Office Corporation into a public limited company wholly owned by Government. The main operating company is Royal Mail Group plc, which is owned by Royal Mail Holdings plc. The Government owns 100% of the shares in Royal Mail Holdings plc, including a Special Share which confers certain rights (see below) on the Special Shareholder – the Secretary of State for Trade and Industry. This new structure came into effect on 26 March 2001 (when the companies were named Consignia Holdings plc and Consignia plc).

Royal Mail Group plc operates its core business (mail services) under a Licence granted by the postal services Regulator (Postcomm) on 26 March 2001, under the provisions of The Postal Services Act 2000.

Post Office Limited – the company that runs the network of post offices - was incorporated in August 1987, and is wholly owned by Royal Mail Group plc.

A copy of the full structure chart of companies in the Group is attached as Section 2 of the folder.

20-20
Mrs
Preliminary

(1) build a villa
(2) evaluate differences between Chinese
Feedback

Jonathan Evans
Sent by: Sue Laban
09/10/2003 11:21

To: Peter Douglas/e/POSTOFFICE@POSTOFFICE
cc: Andrew Poole/e/POSTOFFICE@POSTOFFICE
Subject: Re: Forthcoming Chinese visiting delegation - Confirmation details

Send

Peter/Andrew

Simply F₇ presentation.
2 twice as long.

I have now booked the Rowland Hill Suite on the ground floor of 148 - set out in cinema style for 30 people. Have booked RHS from 15:00 - 18:00 and also ordered a proxima and screen. Just in case I don't make it back from Sorrento the booking confirmation number is 079146 - and you will most probably need to pick up the proxima from Reception quoting this number.

Structure/organised & how does it work

I will leave it to you to let 148 Reception know that you are expecting a Chinese delegation on the afternoon of the 22nd and also will leave it to you to arrange the refreshments.

Sue

reference to China.
Advantage / why is it good? ✓

ps Hope to see you on the 22nd amongst the crowd!
Peter Douglas

how is china appearing



Peter Douglas
09/10/2003 09:41

To: Jonathan Evans/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Re: Forthcoming Chinese visiting delegation - Confirmation details

Sue,

Type DTI Books

There will be 27 of them, plus me and Jonathan
Can you please confirm the room once organised
The rest you should be able to leave with Dennis and I
If Jonathan has any questions or would like a pre-meeting let me know

* What level of knowledge do they have.

* what else is going on.

regards and thanks

* is JE seeking what is the plan. 20 mins

Pete

- 2 weeks
- 1 week
- not expert in the paper behind.

* are we providing a hand out.

Peter Douglas
Regional Client Director Asia Pacific
Phone
Mobile: GRO
Office: GRO
Mobex: GRO

No electronic

Royal Mail is a trading name of Royal Mail Group plc. Registered in England and Wales.
Registered number 4138203. Registered office at 148 Old Street, LONDON EC1V 9HQ
----- Forwarded by Peter Douglas/e/POSTOFFICE on 09/10/2003 09:38 -----



"Yuzhi Song"
GRO
09/10/2003 08:22

To: <peter.douglas@GRO>
cc:
Subject: Re: Forthcoming Chinese visiting delegation - Confirmation details

bring too much detail

Dear Peter,

Many thanks for your confirmation details. All arrangements you made for the meeting are very good.

We will take coach to your company on 22nd October and will be there before

3.30pm. The interpreter for the delegates is called Mr Daniel Ma, one of my colleagues.

We believe that the meeting will benefit both sides and it is a good chance to exchange information with each other.

Hope that the meeting will be very successful.

Thanks again for your help.

I look forward to meeting you on 22nd October.

Best regards,

Suzy

----- Original Message -----
From: <peter.douglas@GRO>
To: "Yuzhi Song" <GRO>
Cc: <dennis.seabrook@GRO>; <jonathan.evans@GRO>
Sent: Wednesday, October 08, 2003 1:47 PM
Subject: Forthcoming Chinese visiting delegation - Confirmation details

>
>
> Suzy,
>
> I write to confirm that I have been able to secure the services of our company
> secretary to assist with this presentation
> The meeting will be at 3.30pm on 22nd October at 148 Old Street, London, EC1V 9HQ
> This address is close to Old Street tube station
> I would ask you to arrive promptly as both Jonathan and I have other commitments
> later and would not want to cut short the meeting
> I plan to meet you in reception, but if I am not available please contact me on my
> mobile of Jonathan on GRO
> As soon as we confirm a meeting room I will advise you of this
>
> As confirmed we will simplify slides and presentation as the session will be
> conducted through the interpreter
> This will place greater responsibility on the delegation leader to ensure that they
> ask appropriate questions to get the most out of the session
>
> Given the need for interpretation we anticipate the session will take approx 2
> hours
> We would anticipate 40-60 minutes of presentation (including interpretation) and
> 60-80 minutes of questions and discussions
>
> Any further clarification of questions that can be provided in advance would be
> greatly appreciated as we are sure this would assist in making sure that appropriate data and materials were available during the session.
>
> As discussed normally such sessions would be charged for however as agreed we are
> willing to waive this fee in exchange for reciprocity in a better understanding of
> the current and anticipated governance structures for China Post and

state
run
> businesses in general. We see the clear benefit of this mutual exchange
of
> experience, views and insight as essential to building a better
relationship with
> China Post and helping these two great organisations to be mutually
successful
>
> kind regards and many thanks
>
> Pete
>
> Peter Douglas
> Regional Client Director Asia Pacific
> Phone
> Mobile
> Office
> Mobex
>
> Royal Mail is a trading name of Royal Mail Group plc. Registered in
England and
> Wales.
> Registered number 4138203. Registered office at 148 Old Street, LONDON
EC1V 9HQ
>
>

GRO

ROYAL MAIL HOLDINGS plc – ROLES OF SENIOR MANAGEMENT

The Company's new simplified management organisation is designed to ensure that maximum energy is focused on the achievement of the Renewal Plan and the turnaround of the business. Senior management has the key leadership role of ensuring that the whole organisation is fully committed to the achievement of the plan.

The Company is executive-led, with a part-time non-executive Chairman. The overall senior leadership of the Company lies with

- the non-executive Chairman
- the Executive Deputy Chairman
- the Chief Executive of Royal Mail Group, and
- the Chief Executive of Post Office Ltd

- all of whom are directors of Royal Mail Holdings plc.

Collectively they

- lead the Company in the delivery of the renewal plan
- champion the values and behavioural standards of the Company
- uphold highest standards of corporate governance, integrity and probity
- provide unified direction to the Company as a whole
- keep close to the front-line
- develop the future strategy of the Company.

This document sets out their individual roles in their collective leadership of the Company.

NON-EXECUTIVE CHAIRMAN

key roles and accountabilities

- leads the Board, creating the conditions for overall Board and individual director effectiveness, both inside and outside the boardroom
- leads the overall relationship with the shareholder, ensuring the Company's views are well-represented to the shareholder, and the shareholder's to the Company
- provides insightful challenge to executive management, in both strategy development and in improving the day-to-day running of the Company, while respecting executive accountability
- contributes to senior management development and succession planning
- leads the Board in monitoring the performance of executive management in delivering plans and targets
- provides a sounding board and acts as mentor for the other members of the senior management team
- champions the *Great Place to Work* programmes.

EXECUTIVE DEPUTY CHAIRMAN, ROYAL MAIL HOLDINGS

key roles and accountabilities

- acts as *primus inter pares* amongst the senior executive leadership of the Company, encouraging collaborative working on the achievement of business goals, and where necessary exercising executive decision-making
- chairs the Royal Mail Management Board, and working closely with the Royal Mail Group CEO, takes overall accountability for:
 - developing plans and policies for Holdings Board approval as appropriate
 - implementing plans to agreed targets and milestones
 - reviewing progress against targets and milestones, and initiating any necessary corrective action
 - motivating members of the Management Board so they are capable of attaining the highest levels of performance
 - developing management capability, and succession planning
- has specific line accountability for the delivery of the plans and targets, as agreed with the Board, for:
 - UK Mails
 - International
 - GLS
- leads the representation of Royal Mail in International Affairs
- contributes to the development of Post Office Limited, both through membership of the POL Board and through the common business issues that arise at Management Board level

CHIEF EXECUTIVE OFFICER, ROYAL MAIL GROUP

key roles and accountabilities

- working closely with the chairman of the Management Board (the Executive Deputy Chairman), gives leadership to the Board in:
 - developing plans and policies for Holdings Board approval as appropriate
 - implementing plans to agreed targets and milestones
 - reviewing progress against targets and milestones, and initiating any necessary corrective action
 - motivating members of the Management Board so they are capable of attaining the highest levels of performance
 - developing management capability, and succession planning
- specific line accountability for the delivery of the plans and targets, as agreed with the Board, for:
 - Parcelforce Worldwide
 - Logistics
- leads the modernisation of the company-wide functions – finance, people and organisational development, IT and communications - delivering plans to agreed targets and milestones
- leads strategic marketing across the Company
- leads the relationship with Postcomm and Postwatch, and with the shareholder's representatives
- manages the external press, public relations and internal communications programmes, calling on the Chairman and other members of the senior leadership on agreed issues

CHIEF EXECUTIVE OFFICER, POST OFFICE LIMITED

key roles and accountabilities

- is a member of the Royal Mail Management Board and contributes to its objectives on a company-wide basis
- ensures that Post Office Ltd (POL) functions within the overall strategy and policy environment of its parent company, provided these are consistent with shareholder requirements
- leads the POL Executive Committee in:
 - developing plans and policies for POL and Holdings Board approval
 - implementing plans to agreed targets and milestones
 - reviewing progress against targets and milestones, and initiating any necessary corrective action
 - motivating members of the Executive Committee so they are capable of attaining the highest levels of performance
 - developing management capability, and succession planning
- for matters concerning POL:
 - leads the relationship with Postcomm, Postwatch, and the shareholder's representatives
 - manages the external press, public relations and internal communications programmes, calling on the Chairman and other members of the senior leadership on agreed issues.

CONTENTS

Introduction	Page 2
Foreword	Page
Role of the Company Secretary	Page 4
Duties as an Officer of the Company	Page 5
Established and Best Practice	Page 6
Core Duties of the Company Secretary	Page 7
Additional Duties of the Company Secretary	Page 12
Powers of the Company Secretary	Page 14
Appendix A: Offences under the <i>Companies Acts</i>	Page 15
Appendix B: A List of Some Other Relevant Statutes and Regulations	Page 23

©1998
The Institute of Chartered Secretaries and Administrators,
16 Park Crescent, London, W1B 1AH
Tel: **GRO** | Fax: **GRO**
e-mail: **GRO**
Web site: www.icsa.org.uk

Introduction

As an officer of the company at the centre of the decision making process, the Company Secretary is in a powerful position of influence. The Company Secretary should assist and guide the directors in their pursuit of profit and growth but should also act with integrity and independence to protect the interests of the company, its shareholders and its employees. Today's Company Secretary should play a pro-active and central role in the governance of the company. This requires excellent communication skills, a thorough knowledge of the company's business and applicable regulations, strength of character, integrity, and above all a professional approach.

With one exception¹, U.K. company law requires every U.K. registered company to appoint a Company Secretary.² This appointment is the responsibility of the board of directors; yet despite this legal requirement, the law, whether in the form of the *Companies Acts* or the common law, does not state explicitly what the Company Secretary should do once appointed.

The limited number of references to the Company Secretary in the *Companies Acts* might lead a person newly appointed to the post to underestimate the extent of the responsibilities acquired.

A closer examination of the law and modern business practice reveals that the Company Secretary is an officer with a central role in the governance and administration of its affairs. This is recognised in the London Stock Exchange³ *Principles of Good Governance and Code of Best Practice* (the Combined Code)⁴ which states that,

"All directors should have access to the advice and services of the Company Secretary, who is responsible to the board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter for the board as a whole."⁴

This recognises that the Company Secretary is key to the efficiency and effectiveness of the board and to the smooth running of the company. To fulfil the role, the Company Secretary must not only keep up to date with relevant legal, statutory and regulatory requirements but also be able to give impartial advice and support to directors (in particular, non-executive directors who might not have such detailed knowledge of the company as the executive directors).

This is intended to be an authoritative guide to the duties of the Company Secretary in U.K. public and private registered companies. Its purpose is to distinguish between the duties which all Company Secretaries should perform (**core duties**) and those which they often perform (**additional duties**). Core duties are defined as those for which the Company Secretary is responsible as an officer of the company and those undertaken by the Company Secretary as a

¹ The one exception is an Open Ended Investment Company (OEIC) which whilst referred to and formed as a company, is primarily an investment vehicle more akin to a unit trust. OEICs are, however, required to have an authorised corporate director which must be a body corporate and will itself, therefore, have to have a Company Secretary.

² Section 283 of the *Companies Act 1985*

³ This is a restatement of the *Report of the Committee on the Financial Aspects of Corporate Governance* (The Cadbury Code), the Code of Best Practice, 1.6

⁴ The Combined Code, Code of Best Practice, A.1.4

matter of established and best practice. Our list of core duties is therefore a distillation of statute, common law and good practice.

Role of the Company Secretary

The role of the Company Secretary concerns three main areas *viz.* the Board, the Company and the Shareholder. Within each, the Company Secretary's role can be very diverse.

The Board

They must ensure that the procedure for the appointment of directors is properly carried out and they should assist in the proper induction of directors, including assessing the specific training needs of directors/executive management. They need also to be available to provide comprehensive practical support and guidance to directors both as individuals and as a collective with particular emphasis on supporting the non-executive directors. They should also facilitate the acquisition of information by all board and committee members so that they can maximise their ability to contribute to board meetings, discussions etc.. Further to these tasks, they need to assist in the compilation of board papers and to filter them to ensure compliance with the required standards of good governance. It may also be part of the Company Secretary's role to raise matters which may warrant the attention of the board.

The Company

They should ensure compliance with all relevant statutory and regulatory requirements and that due regard is paid to the specific business interests of the company, for example, a manufacturing company may require a different approach from that of a bank or a financial services company or from that of a charitable company. They also need to assist in the implementation of corporate strategies by ensuring that the board's decisions and instructions are properly carried out and communicated. Further to this, they should be available to provide a central source of guidance and advice within the company on matters of business ethics and good governance.

The Shareholder

The Company Secretary needs to communicate with the shareholders as appropriate and to ensure that due regard is paid to their interests. They also need to act as a primary point of contact for institutional and other shareholders, especially with regard to matters of Corporate Governance.

Duties as an Officer of the Company

The *Companies Act 1985* imposes numerous obligations on companies regarding, the conduct of their affairs. Most of these requirements are backed up by criminal sanctions so that, in the event of a breach, the company and every officer of it who is in default is liable to a fine and, in some cases, imprisonment.

As an officer of the company⁵, the Company Secretary can be prosecuted for most of these offences, and these potential liabilities form the basis of what we have defined in this document as the core duties (see page #). A list of the matters for which the Company Secretary can be prosecuted under the *Companies Act 1985* (as amended) is reproduced in appendix A. Items in the list have been grouped under the same headings as the list of core duties.⁶

Responsibility for ensuring compliance with these matters ultimately rests with the directors. However, by making the Company Secretary liable, the Act not only recognises that the directors usually rely on the Company Secretary in this regard, but also provides a strong indication that they should give the Company Secretary responsibility for (or an involvement in) these matters. This is reinforced in the case of public companies by the requirement that the directors appoint as Company Secretary someone they believe is capable of performing the functions. Indeed, a director will often escape personal liability if they are able to show that the breach was not caused by their own acts or omissions and that the board had appointed a suitably qualified Company Secretary with responsibility for these matters.

It is clear that, in view of their potential liabilities, Company Secretaries should not close their eyes to cases of non-compliance even if the directors have purported to make someone else responsible for those matters. At the very least the Company Secretary should draw such cases to the attention of the directors and advise on the company's duties and obligations. It can therefor be argued that the Company Secretary has a duty as an officer of the company to monitor these matters, regardless of the terms of their employment control.

Company Secretaries should also ensure that where certain of their responsibilities are delegated, such tasks are properly executed, since they can still be held accountable in law for any failure by the company to comply.

The fiduciary duties of directors can apply equally to executives occupying senior management positions in the company and authorised to act on its behalf.⁷ This usually includes the Company Secretary who, in any event, as an officer of the company has the following fundamental duties:

- act in good faith in the interests of the company;
- not to act for any collateral purpose;
- to avoid conflicts of interest; and

⁵ Section 744 of the *Companies Act 1985*

⁶ It should be noted that the Company Secretary may also be prosecuted for offences arising from other associated legislation. In particular, s. 432 of the *Insolvency Act 1986* and s. 14 of the *Company Directors Disqualification Act 1986* provide that where a company is guilty of a certain offence and it is proved that the offence was committed with the consent or connivance of, or was attributable to any neglect on the part of any director, manager, secretary or other similar officer that person will be guilty of an offence and may be proceeded against and punished accordingly.

⁷ *Canadian Aero Service v O'Malley* [1973] 40 DLR

- not to make secret profits from dealings for or on behalf of the company.

Established and Best Practice

Some matters have been deemed by the Institute to be core duties even though they cannot be supported by statutory references. For example, ensuring compliance with Stock Exchange rules and regulations is considered part of the core duties, although the rules of the London Stock Exchange⁸, which is the competent authority in the U.K. for the purposes of the admission of securities to listing, do not provide for the personal liability of the Company Secretary. Compliance with the City Code⁹ is also considered to constitute a core duty.

In practice, these duties are closely related to the Company Secretary's other duties as an officer of the company. Indeed, it would be almost impossible for Company Secretaries of public companies to perform their statutory duties without some involvement with compliance with the Yellow Book and the City Code. It is, therefore, a matter of best practice that the Company Secretary should be made responsible for this area and is established practice in virtually all public companies.

In recent years and in particular since the Cadbury report, the role of Company Secretary has changed; they are now considered to be much more part of the "inner cabinet" than previously. There has been an increasing need for the Company Secretary to use initiative and apply a flexible approach in carrying out responsibilities. This has required maintaining a thorough knowledge of the business of the company and its operations as well as of the corporate statutory and regulatory matters.

⁸ The Admission of Securities to Listing, commonly known as the *Yellow Book*.

⁹ The City Code on Take-overs and Mergers which is commonly known as the 'City Code' or the *Blue Book*, is published and administered by the Panel on Take-overs and Mergers.

Core Duties of the Company Secretary

The following list includes both those duties which are legal obligations as well as those which result from best practice. This is not a comprehensive list and the Company Secretary may have to use his/her initiative to ensure that all core duties are fulfilled. The Company Secretary may also need to refer to other pertinent acts.¹⁰

The Company Secretary will need to fulfil the following duties.

1. Board Meetings

Facilitating the smooth operation of the company's formal decision making and reporting machinery; organising board and board committees meetings (e.g. audit, remuneration, nomination committees etc.); formulating meeting agendas with the chairman and/or the chief executive and advising management on content and organisation of memoranda or presentations for the meeting; collecting, organising and distributing such information, documents or other papers required for the meeting; ensuring that all meetings are minuted and that the minute books are maintained with certified copies of the minutes and that all board committees are properly constituted and provided with clear terms of reference.

2. General Meetings

Ensuring that an annual general meeting is held in accordance with the requirements of the *Companies Act* and the companies' Articles of Association; obtaining internal and external agreement to all documentation for circulation to shareholders; preparing and issuing notices of meetings, and distributing proxy forms; trying to prepare directors for any shareholder questions and helping them create briefing materials; overseeing the preparations for security arrangements.

At meetings, ensuring that proxy forms are correctly processed and that the voting is carried out accurately; co-ordinating the administration and minuting of meetings.

¹⁰ For example, s.12 of the *Insolvency Act 1986* confers legal responsibility upon officers of a company; they must include the name of the administrator on all orders for goods, invoices and business letters when an administration order is in place. In a similar way s.115 of PtJ of the *Pensions Act 1995* provides that if a corporate body commits an offence, officers of the company are implicated by consent, connivance or neglect. Another example of legal responsibility can be found in *The Money Laundering Regulations 1993*, s. 6 which states that when an offence has been committed under s. 5 of this act the Secretary can be held liable.

3. Memorandum & Articles of Association

Ensuring that the company complies with its Memorandum and Articles of Association and, drafting and incorporating amendments in accordance with correct procedures.

4. Stock Exchange Requirements

Monitoring and ensuring compliance with the *Yellow Book* requirements (as well as the City Code) as well as supervising the implementation of the model code and/or the company code for dealing in the company's securities, as appropriate, managing relations with the Stock Exchange through the company's brokers; releasing information to the market; ensuring the security of unreleased price-sensitive information; making applications for listing of additional issues of securities.¹¹

5. Statutory Registers

Maintaining the following statutory registers:

- members (see also para. 8 below);
- company charges;
- directors and secretary;
- directors' interests in shares and debentures;
- interests in voting shares (substantial holdings & those notified in pursuance of a s. 212 notice);
- debenture holders (if applicable).

6. Statutory Returns

Filing information with the Registrar of Companies to report certain changes regarding the company or to comply with requirements for periodic filing. Of particular importance in this regard are:

- annual returns;
- report & accounts (see also para. 7 below);
- amended Memorandum & Articles of Association;
- returns of allotments;
- notices of appointment, removal & resignation of directors and the secretary;
- notices of removal or resignation of the auditors;
- change of registered office;
- resolutions in accordance with *The Companies Act*.

¹¹ If the company is quoted on an overseas stock exchange, the Company Secretary will also be responsible for monitoring and ensuring compliance with that exchange's regulations and procedures.

7. Report & Accounts

Co-ordinating the publication and distribution of the company's annual report and accounts and interim statements, in consultation with the company's internal and external advisers, in particular, when preparing the directors' report.

8. Share Registration

Maintaining the company's register of members; dealing with transfers and other matters affecting share-holdings; dealing with queries and requests from shareholders.¹²

9. Shareholder Communications¹³

Communicating with the shareholders (e.g. through circulars); arranging payment of dividends and interest; issuing documentation regarding rights issues and capitalisation issues; maintaining good general shareholder relations; maintaining good relations with institutional shareholders and their investment committees.

10. Shareholder Monitoring

Monitoring movements on the register of members to identify any apparent 'stake-building' in the company's shares by potential take-over bidders; making appropriate inquiries of members as to beneficial ownership of holdings.

11. Share and Capital Issues and Restructuring

Implementing properly authorised changes in the structure of the company's share and loan capital; devising¹⁴, implementing and administering directors' and employees' share participation schemes.

¹² Although some or all of this may be dealt with by external services, such as registrars, since they will be agents of the company, the company (including the Company Secretary) may still be held liable for any failure to comply with the law. The Company Secretary will therefore be responsible for liaison with the registrars and resolving matters of particular sensitivity.

¹³ *Ibid.*

¹⁴ This task may be within the remit of the remuneration committee.

12. Acquisitions, Disposals & Mergers

Participating as a key member of the company team established to implement corporate acquisitions, disposals and mergers; protecting the company's interests by ensuring the effectiveness of all documentation; ensuring that due diligence disclosures enable proper commercial evaluation prior to completion of a transaction; ensuring that the correct authority is in place to allow timely execution of documentation.

13. Corporate Governance

Continually reviewing developments in corporate governance; facilitating the proper induction of directors into their role; advising and assisting the directors with respect to their duties and responsibilities, in particular compliance with company law and, if applicable, Stock Exchange requirements; counselling them when preparing presentations and memoranda;

14. Non-Executive Directors

Acting as a channel of communication and information for non-executive directors.

15. Company Seal

Ensuring the safe custody and proper use of any company seals.

16. Registered Office

Establishing and administering the registered office; attending to the receipt, co-ordination and distribution of official correspondence received by the company; sent to its registered office; ensuring the provision of facilities for the public inspection of company documents.

17. Company Identity

Ensuring that all business letters, notices and other official publications of the company show the name of the company and any other information as required by the statutes and that company name plates are displayed in a conspicuous place.

18. Subsidiary Companies

Ensuring that procedures are in place for the correct administration of subsidiary companies and that correct information is given to the holding company; maintaining a record of the group's structure.

19. General Compliance

Monitoring and laying in place procedures which allow for compliance¹⁵ with relevant regulatory and legal requirements, particularly under the *Companies Acts* including legal requirements on retention of documents; retaining the minimum set of records required for commercial reasons; ensuring that procedures are in place to allow adequate historical archive to be maintained.

¹⁵ The Company Secretary may not be personally involved with all areas of compliance and 'ensuring compliance' may be read as ensuring that satisfactory arrangements are in place to secure compliance.

Additional Duties of the Company Secretary

In contrast with the duties and responsibilities arising from the list of offences in appendix A, the duties which the Company Secretary commonly undertakes in areas such as accounting, property, pensions and insurance management cannot be considered to be core duties. However, these duties will frequently take up a substantial proportion of the Company Secretary's time and their importance should not be underestimated.

The professional background, previous work experience and general personal capabilities of the Company Secretary will generally dictate the nature and scope of these additional responsibilities. For example, a lawyer is more likely to specialise in litigation and an accountant is more likely to manage a treasury function. A Chartered Secretary, being specifically trained for the role, is more likely to take-on additional responsibilities such as property management, pensions and insurance matters. However, these are merely examples and, in practice, there are very few areas which are the exclusive preserve of any category of professional. Most Company Secretaries will be involved in one or more of the following activities:

Legal

Commercial law	Intellectual property	Pensions law
Contracts negotiation	Litigation	Data protection
Contract drafting	Conveyancing	Consumer credit
Contract vetting	European Community law	
Property management		

Accounting/Finance

Payroll	Financial management	Credit control
Taxation	Treasury	Management accounting
Financial accounting	Project finance	
Internal audit	Corporate finance	

Personnel & Employee

Employment law	Employee and executive share option and performance related pay schemes	Other employee benefits ¹⁶
Profit share schemes		Pensions administration & trusteeship
SAYE schemes		
Personnel administration		

¹⁶ It is most common for these to include the administration of company car schemes, but also health insurance and life assurance schemes.

Financial Services Act Compliance¹⁷

Compliance with the Financial Services Act 1986

Compliance with Financial Services Authority (FSA)¹⁸ and Self-Regulatory Organisations (SRO) rules

General Administration

Insurance administration
Facilities management
Office administration
Charitable donations

Risk management
Premises administration
Information and computer systems
Political donations

General Management

Strategic planning
Directorships of group subsidiaries

Corporate planning
Liaising with professional advisers

Most Company Secretaries could probably add to the above list, particularly where their company's business is subject to further specific external regulation. As a general rule, Company Secretaries of small to medium-sized companies are more likely to be involved in a wider range of administrative duties than their counterparts in larger companies.

¹⁷ Possibly as the company's appointed Compliance Officer.

¹⁸ The Financial Services Authority takes over from the Bank of England the responsibility for supervising banks, listed money market institutions and related clearing houses. In broad terms it acquires those functions which were carried out by Self-Regulatory Organisations e.g. The Investment Management Regulatory Organisation, the DTI Insurance directorate, the Building Societies Commission, the Friendly Societies Commission, the Registry of Friendly Societies, Personal Investment Authority and the Securities and Futures Authority.

Powers of the Company Secretary

The Company Secretary can authenticate documents or proceedings of the company¹⁹ and the signature of the Secretary on a written resolution is evidence of the proceedings.²⁰

*The Companies Act 1985*²¹, provides that a document signed by a director and the Secretary of a company and expressed (in whatever form of words) to be executed by the company has the same effect as if executed under the common seal of the company. If the office of Secretary is vacant, or the Secretary is incapable of carrying out his/her duties, the assistant or deputy secretary shall carry out the functions of the Secretary and the document is deemed to be executed by the company.²² In addition, a document which purports to be signed by a director and the Secretary or by two directors shall be deemed to have been duly executed in favour of a purchaser in good faith for valuable consideration who acquires an interest in property.

In *Panorama Developments (Guildford) Ltd. V Fidelis Furnishings Fabrics*,²³ the Court of Appeal ruled that a third party could assume that the Company Secretary had authority to bind the company in contracts of an administrative nature.

¹⁹ Section 41 of the *Companies Act, 1985*.

²⁰ Section 382A (2) of the *Companies Act, 1985* as inserted by s. 113 of the *Companies Act, 1989*.

²¹ *The Companies Act 1989* changes s. 36 and inserts 36A, 36B and 36C.

²² Section 283(3) of the *Companies Act, 1985*.

²³ [1971] 3 ALL ER 16

Appendix A

Offences under the Companies Act

The Company Secretary can be prosecuted for the following offences under the *Companies Act 1985* as amended. The statutory requirements are listed below but it should be noted that this list is not exhaustive and there may be other legislative statutes which confer legal responsibility upon the Company Secretary. The list of offences has been grouped under the same headings used in the list of core duties of the Company Secretary.

Board Meetings

- 382 (5) Company failing to keep minutes of proceedings of board meetings etc..
- 450 Destroying or mutilating company documents; falsifying such documents or making false entries; parting with such documents, altering them or making omissions.
- 722 (3) Company failing to comply with s.722(2), as regards the manner of keeping registers, minute books and accounting records.

General Meetings

- 366 (4) Company default in holding annual general meeting.
- 367 (3) Company default in complying with Secretary of State's direction to hold company meeting.
- 367 (5) Company failing to register resolution that meeting held under s.367 is to be its annual general meeting.
- 372 (4) Failure to give notice, to member entitled to vote at company meeting, that he may do so by proxy.
- 372 (6) Officer of company authorising or permitting issue of irregular invitations to appoint proxies.
- 376 (7) Officer of company in default as to circulation of members' resolutions for company meeting.
- 380 (5) Company failing to comply with s.380 (copies of certain resolutions etc. to be sent to Registrar of Companies).
- 380 (6) Company failing to include copy of resolution to which s.380 applies in articles; failing to forward copy to member on request.
- 382 (5) Company failing to keep minutes of proceedings of general meetings etc..
- 383 (4) Refusal of inspection of minutes of general meeting; failure to send copy of minutes on members' request.
- 450 Destroying or mutilating company documents; falsifying such documents or making false entries; parting with such documents, altering them or making omissions.

Memorandum & Articles of Association

- 6 (3) Company failing to deliver to registrar notice or other document, following alteration of its objects.
- 18 (3) Company failing to register change in memorandum or articles.
- 19 (2) Company failing to send to one of its members a copy of the memorandum or articles.
- 20 (2) Where company's memorandum altered, company issuing copy of the memorandum without the alteration.
- 31 (5) Company altering its memorandum or articles, so ceasing to be exempt from having "limited" as part of its name.
- 380 (5) Company failing to comply with s.380 (copies of certain resolutions etc. to be sent to Registrar of Companies).
- 380 (6) Company failing to include copy of resolution to which s.380 applies in articles; failing to forward copy to member on request.
- 461 (5) Failure to register office copy of court order under Part XVII altering, or giving leave to alter, company's memorandum.

General Compliance

- 28 (5) Company failing to change name on direction of Secretary of State.
- 31 (6) Company failing to change name on Secretary of State's direction so as to have "limited" (or Welsh equivalent) at the end.
- 33 (2) Company carrying on trade, profession or business under a name which includes public limited company or its Welsh equivalent when not a public company.
- 54 (10) Public company failing to give notice, or copy of court order to registrar concerning application to re-register as private company.
- 117 (7) Company doing business or exercising borrowing powers contrary to s.117.
- 141 Officer of company concealing name of creditor entitled to object to reduction of capital or wilfully misrepresenting nature or amount of debt or claim etc..
- 305 (3) Company default in complying with s.305 (directors' names to appear on company correspondence etc.).
- 306 (4) Failure to state that liability of proposed director or manager is unlimited; failure to give notice of that fact to person accepting office.
- 314 (3) Director failing to comply with s.314 (duty to disclose compensation payable on take-over etc.); a person's failure to include required particulars in a notice he has to give of such matters.
- 349 (3) Officer of company issuing business letter or document not bearing company's name.
- 349 (4) Officer of company signing cheque, bill of exchange etc. on which company's name not mentioned.
- 351 Officer or agent of company issuing or authorising issue of business document not complying with those subsections.
- 389A (2) Officer of company making false, misleading or deceptive statement to auditors.
- 389A (3) Subsidiary undertaking or its auditor failing to give information to auditors of parent company.
- 389A (4) Parent company failing to obtain from subsidiary undertaking information for the purposes of audit.

- 392 (3) Company failing to forward notice of auditor's resignation to registrar or persons entitled under s.240 in Part VII; failing to send to persons so entitled, statement as to effect of court order or, if no such order, the auditor's resignation statement.
- 394A (4) Company failing to comply with requirements as to statement of person ceasing to hold office as auditor.
- 409 (4) Failure to give notice to registrar of appointment of receiver or manager or ceasing to act.
- 410 (4) Failure to comply with requirements of regulations under s.410 (crystallisation of charges).
- 425 (4) Company failing to annex to memorandum court order sanctioning compromise or arrangement with creditors.
- 426 (6) Company failing to comply with requirements of s.426 (information to members and creditors about compromise or arrangement).
- 427 (5) Failure to deliver to registrar office copy of court order under s.427 (company reconstruction or amalgamation).
- 444 (3) Failing to give Secretary of State when required to do so information about interests in shares etc.; giving false information.
- 447 (6) Failure to comply with requirement to produce documents or provide a proper explanation, as imposed by Secretary of State under s.447.
- 449 (2) Wrongful disclosure of information or document obtained under s.447 or s.448.
- 450 Destroying or mutilating company documents; falsifying such documents or making false entries; parting with such documents or altering them or making omissions.
- 451 Making false statement or explanation in purported compliance with s.447.
- 458 Being a party to carrying on company's business with intent to defraud creditors, or for any fraudulent purpose.
- 697 (1) Overseas company failing to comply with any of s.691 to s.693 or s.696.
- 697 (2) Overseas company contravening s.694(6) (carrying on business under its corporate name after Secretary of State's direction).

Stock Exchange Requirements

- 329 (3) Company failing to notify Stock Exchange of acquisition of its securities by a director.

Statutory Registers

- 211 (10) Company failing to keep register of interests disclosed under part VI; other contraventions of s.211.
- 288 (4) Default in complying with s.288 (keeping register of directors and secretaries, refusal of inspection).
- 318 (8) Company default in complying with s.318(1) or (5) (directors' service contracts to be open to inspection); 14 days default in complying with s.318(4) (notice to registrar as to where copies of contracts and memoranda are kept); refusal of inspection required under s.318(7).
- 326 (2), (3), (4), & (5) Various defaults in connection with company register of directors' interests.
- 352 (5) Company default in complying with s.352 (requirement to keep register of members and their particulars).
- 411 (4) Failure to keep copies of charging instruments or register, or failing to supply copies.

- 412 (4) Refusing inspection of charging instrument or register or failing to supply copies.
- 722 (3) Company failing to comply with s.722(2), as regards the manner of keeping registers, minute books and accounting records.
- Sch. 14, Pt. 11, para. 4 (2) Company failing to transmit to its registered office in Great Britain copies of entries in overseas branch register, or to keep a duplicate or overseas branch register.

Statutory Returns

- 88 (5) Officer of company failing to deliver return of allotments etc. to registrar.
- 111 (3) Officer of company failing to deliver copy of asset valuation report to registrar.
- 111 (4) Company failing to deliver to registrar copy of resolution under s.104(4), with respect to transfer of an asset as consideration for allotment.
- 169 (6) Default by company's officer in delivering to registrar the return required by s.169 (disclosure by company of purchase of own shares).
- 176 (4) Company failing to give notice to registrar of application to court under s.176 or to register court order.
- 231 (7) Company failing to annex to its annual return certain particulars required by s.231 and not included in annual accounts.
- 232 (4) Default by director or officer of a company in giving notice of matters relating to himself for purposes of Sch. 6, part I.
- 287 (6) Company failing to have registered office; failing to notify change in its situation.
- 363 (3) Company with share capital failing to make annual return.
- 363 (4) Company failing to submit returns.
- 387 (2) Company failing to give Secretary of State notice of non-appointment of auditors.
- 391 (2) Failing to give notice to registrar of removal of auditor.
- 392 (3) Company failing to forward notice of auditor's resignation to registrar or persons entitled under s.240 in part VII; failing to send to persons so entitled statement as to effect of court order or if no such order the auditor's resignation statement.
- 398 (3) Company failing to deliver particulars of charge to registrar.
- 408 (3) Company failing to deliver particulars in the prescribed form of the date on which debentures of the issue are taken up and amount taken up.
- 409 (4) Failure to give notice to registrar of appointment receiver or manager, or his ceasing to act.
- 427 (5) Failure to deliver to registrar office copy of court order under s.427 (company reconstruction or amalgamation).
- 461 (5) Failure to register office copy of court order under Part XVII altering or giving leave to alter company's memorandum.
- 703D (5) Overseas company failing to deliver particulars of charge to registrar.
- 720 (4) Insurance company etc. failing to send twice yearly statement in form of Sch. 23.
- Sch. 14, Pt. 11, para. 1(3) Company failing to give notice of location of overseas branch register etc.

Report & Accounts

- 221 (5) & 222 (4) Company failing to keep accounting records (liability of officers).
222 (6) Officer of company failing to secure compliance with, or intentionally causing default under s.222(5) (preservation of accounting records for requisite number of years).
233 (6) Directors' report unsigned. Laying or delivery of unsigned balance sheet; circulating copies of balance sheet without signatures.
234A (4) Laying, circulating or delivering directors' report without required signature.
236 (4) Laying, circulating or delivering auditors' report without required signature.
238 (5) Failing to send company's annual accounts, directors' report and auditors' report to those entitled to receive them.
239 (3) Company failing to supply copy of accounts and reports to shareholder on his demand.
240 (6) Failure to comply with requirements in connection with publication of accounts.
251 (6) Failure to comply with requirements in relation to summary financial statements.

Share Registration

- 183 (6) Company failing to send notice of refusal to register a transfer of shares or debentures.
185 (5) Company default in compliance with s.185(1) (certificates to be made ready following allotment or transfer of shares etc.).
191 (4) Refusal of inspection or copy of register of debenture-holders etc..
352 (5) Company default in complying with s.352 (requirement to keep register of members and their particulars).
353 (4) Company failing to send notice to registrar as to place where register of members is kept.
354 (4) Company to keep index of members.
356 (5) Refusal of inspection of members' register; failure to send copy on requisition.

Shareholder Communication

- 192 (2) Company failing to send one of its members a copy of the memorandum or articles of association.
238 (5) Failing to send company's annual accounts, directors' report and auditors' report to those entitled to receive them.
239 (3) Company failing to supply copy of accounts and reports to shareholder on his demand.
372 (4) Failure to give notice, to member entitled to vote at company meeting, that he may do so by proxy.
376 (7) Officer of company in default as to circulation of members' resolutions for company meeting.

- 383 (4) Failure to send a copy of the minutes of a general meeting on member's request

Shareholder Monitoring

- 19 (2) Company failing to keep register of interests disclosed under Part VI; other contraventions of s.211.
- 214 (5) Company failing to exercise powers under s.212 when so required by the members.
- 215 (8) Company default in compliance with s.215 (company report of investigation of share-holdings on members' requisition).
- 217 (7) Company failing to notify a person that he has been named as a shareholder; on removal of name from register, failing to alter associated index.
- 218 (3) Improper removal of entry from register of interests disclosed; company failing to restore entry improperly removed.
- 219 (3) Refusal of inspection of register or report under Part VI; failure to send copy when required.

Share & Capital Issues and Restructuring

- 95 (6) Knowingly or recklessly authorising or permitting misleading, false or deceptive material in statement by directors under s.95(5).
- 114 Contravention of any of the provisions of s.99 to s.104, s.106.
- 122 (2) Company failing to give notice to registrar of re-organisation of share-capital.
- 123 (4) Company failing to give notice to registrar of increase of share capital.
- 127 (5) Company failing to forward to registrar copy of court order when application made to cancel resolution varying shareholders' rights.
- 128 (5) Company failing to send to registrar statement or notice required by s.128 (particulars of shares carrying special rights).
- 129 (4) Company failing to deliver to registrar statement or notice required by s.129 (registration of newly created class rights).
- 143 (2) Company acquiring its own shares in breach of s.143.
- 149 (2) Company failing to cancel its own shares, acquired by itself as required by s.146(2); or failing to apply for re-registration as private company as so required in the case there mentioned.
- 151 (3) Company giving financial assistance towards acquisition of its own shares.
- 156 (6) Company failing to register statutory declaration under s.155.
- 169 (6) Default by company's officer in delivering to registrar any return required by s.169 (disclosure by company of purchase of own shares).
- 169 (7) Company failing to keep copy of contract etc. at registered office; refusal of inspection to person demanding it.
- 175 (7) Refusal of inspection of statutory declaration and auditors' report under s.173 etc..
- 176 (4) Company failing to give notice to registrar of application to court under s.176 or to register court order.
- 455 (2) Issuing shares in contravention of restrictions of Part XV.

Acquisitions & Disposals

314 (3) Director failing to comply with s.314 (duty to disclose compensation payable on take-over etc.); a person's failure to include required particulars in a notice he has to give of such matters.

Company Seal

350 (2) Officer of company etc. using company seal without the company's name engraved on it.

Registered Office

288(4) Company failing to have registered office; failing to notify change in its situation.

348 (2) Company failing to paint or affix name outside place(s) of business; failing to keep it painted or affixed.

Appendix B

A List of Some Other Relevant Statutes and Regulations

The Pensions Act 1995
The Insolvency Act, 1994
The Criminal Justice Act, 1993
The Financial Services Act, 1986
The Insolvency Act, 1986
The Insolvency Rules, 1986
The Company Directors Disqualification Act, 1986
The Companies Consolidation (Consequential Provisions) Act, 1985
The Business Names Act, 1985
The Fair Trading Act, 1973

This list is intended to highlight only some of the major legislative instruments to which a Company Secretary must attend; the list is not exhaustive and the Company Secretary should pay special attention to regulatory instruments which may be pertinent to his/her special business interest. For example, the Company Secretary may have to consider Health and Safety Regulations, Data Protection Regulations and even Money Laundering Regulations.