

THE COMPANIES ACT 2006

MEMORANDUM & ARTICLES OF ASSOCIATION

ASSOCIATION OF DRAINAGE AUTHORITIES

Incorporated 19th March 2014

COMPANY NUMBER: 8948603

WILKIN CHAPMAN COMPANY SECRETARIAL SERVICES

The Maltings, 11-15 Brayford Wharf East, Lincoln, LN2 1DR

Telephone 01522 512345 Fax 01522 545803

COMPANY FORMATIONS AND ADMINISTRATION

No 8948603

The Companies Act 2006
Company Limited by Guarantee and Not Having a Share Capital
MEMORANDUM OF ASSOCIATION
of
ASSOCIATION OF DRAINAGE AUTHORITIES

(Adopted pursuant to a special resolution passed on 31 March 2014)

Each subscriber of this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company.

Name of each subscriber

Authentication of each subscriber

RUSSELL EKE

Dated 18th March 2014

No 8948603

The Companies Act 2006
Company Limited By Guarantee And Not Having A Share Capital
ARTICLES OF ASSOCIATION
of
ASSOCIATION OF DRAINAGE AUTHORITIES

(Adopted pursuant to a special resolution passed on 31 March 2014)

Name

1. The name of the company (hereinafter called "the Company") is Association of Drainage Authorities.

Interpretation

- 2 In these Articles:

"THE ACT" the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force

"APPOINTING BODY" any one of the Branches in the case of a Branch Director, any one of the Committees in the case of a Committee Director and any one of those bodies listed in Article 51(a) in the case of a Non Branch Director

"THE ARTICLES" the Articles of the Company

"BOARD" the board of Directors of the Company

"BRANCH" any one of the following ten branches:-

- Wales;
- Severn;
- Trent;
- Lincolnshire;
- Welland and Nene;
- Great Ouse;
- Eastern;
- South Eastern;
- South Western; and
- Northern

and BRANCHES means all of them

"BRANCH DIRECTOR" a Director appointed by any one of the Branches in accordance with Article 49

"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

"CHIEF EXECUTIVE" a chief executive of the Company appointed in accordance with Article 80

"COMMITTEE DIRECTOR" a director appointed by one of the Technical Committees in accordance with Article 50

"DIRECTORS" the Directors for the time being of the Company or (as the context shall require) any of them acting as the board of Directors of the Company

"DRAINAGE BODY" a body having responsibility for land drainage as defined by section 72 Land Drainage Act 1991

"ELECTRONIC COMMUNICATION" and "COMMUNICATION" have the meaning given by the Electronic Communications Act 2000

"ENVIRONMENT AGENCY" the Environment Agency of England or such successor public body having responsibility for protecting and improving the environment in England

"EXECUTED" includes any mode of execution

"IDB" a statutory drainage authority as defined in section 1 Land Drainage Act 1991

"IN WRITING" includes, without limitation, electronic communications

"LLFA" a lead local flood authority as constituted by section 14A Flood and Water Management Act 2010 or any such successor body or organisation having duties and responsibility of one or more of the regional flood and coastal committee

"MEMBERSHIP YEAR" the period from 1 January to 31 December in each calendar year

"NATURAL RESOURCES WALES" the successor body to the environment agency for Wales together with such successor public body having responsibility for protecting and improving the environment in Wales

"NON BRANCH DIRECTOR" a Director appointed by any one of those bodies set out in Article 51 or co-opted onto the Board on behalf of any such body in each case in accordance with Article 51

"OFFICE" the registered office of the Company

"RFCC" a regional flood and coastal committee as constituted by section 22 Flood and Water Management Act 2010 or any such successor body or organisation having duties and responsibilities of one or more of the regional flood and coastal committees

"RIVERS AGENCY NORTHERN IRELAND" the rivers agency for Northern Ireland as constituted by The Drainage (Northern Ireland) Order 1973 or such successor body or organisation having the duties and responsibilities of the rivers agency for Northern Ireland

"THE SEAL" the common seal of the Company

“SECRETARY” 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

“TECHNICAL COMMITTEES” the Environmental and Technical Committee and Policy and Finance Committee comprising Directors and non Directors, each constituted and having the terms of reference allocated to them in accordance with Article 55(a)

“THE UNITED KINGDOM” 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 excluding any statutory modification thereof not in force when these Articles become binding on the Company.

Liability of Members

3 The liability of the members is limited.

4 Every Full Member of the Company undertakes to contribute to the assets of the Company, in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding £1.

Objects

5. The objects for which the Company is established are:

- (a) to watch over and protect the interests, rights and privileges of Drainage Bodies and to facilitate the exchange of ideas and promote discussions upon common problems and visits to suitable places of interest;
- (b) to provide a central organisation to watch the interests of Drainage Bodies in relation to Bills in Parliament and measures of a legislative nature or any other matter whatsoever raising questions which may affect Drainage Bodies;
- (c) to take all steps, including the promotion of and opposition to a Bill in Parliament and/or representation at any Local or other Inquiry as may be considered necessary or desirable for carrying into effect any or all of the objects of the Company;
- (d) to obtain and disseminate information on matters of importance and interest to Drainage Bodies and to provide means of assistance upon technical and administrative problems including the organisation of demonstrations and exhibitions for the benefit of Members;
- (e) to consult and co-operate on matters and questions of common interest to Drainage Bodies and from time to time to take such action or indicate such common policy as may be desirable;
- (f) to amalgamate or combine or act temporarily or otherwise in conjunction with any other body or institution having the like objects or with which it may be advantageous to the Company to co-operate;
- (g) to publish periodically such reports, bulletins, information and other matters as the board of Directors may determine;

Powers

6. The Company shall have the power to do anything which is calculated to further its Objects or which is conducive or incidental to doing so. In particular, the Company has the following powers:

- (a) to purchase, take on lease, or in exchange, hire or otherwise acquire real or personal property and rights or privileges, and to construct, maintain and alter buildings or erections;
- (b) to sell, let or mortgage, dispose of or turn to account all or any of the property or assets of the Company;
- (c) to purchase or otherwise acquire plant and machinery including, without limitation, computer hardware and software, furniture, fixtures, fittings and all other effects of every description and to apply for registration of any patents, rights, copyrights, licences and the like;
- (d) to borrow or raise money on such terms and on such security as may be thought fit with such consents as are required by law;
- (e) to take and accept any gift of money, property or other assets whether subject to any special trust or not;
- (f) to issue appeals, hold public meetings and take such other steps as may be required for the purpose of procuring contributions to the funds of the Company in the shape of donations, subscriptions or otherwise;
- (g) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments and to operate bank accounts;
- (h) to invest moneys of the Company not immediately required for its purposes in or upon such investments, securities or property as may be thought fit subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law;
- (i) to make any donations in cash or assets or establish or support or aid in the establishment or support of and to lend money (with or without security) to or for any charitable associations or institutions;
- (j) to undertake and execute charitable trusts;
- (k) to engage and pay any person or persons whether on a full-time or part-time basis or whether as consultant or employee to supervise, organise, carry on the work of and advise the Company and, subject to the provisions of Article 7 hereof, to make any reasonable and necessary provision for the payment of pensions and superannuation to or on behalf of employees or former employees and their wives, husbands and other dependants;
- (l) to amalgamate or enter into joint ventures and/or projects with any companies, institutions, societies or associations;
- (m) to pay out of funds of the Company the costs, charges and expenses of and incidental to the formation and registration of the Company;
- (n) to do all such other lawful things as shall further the attainment of the objects of the Company or any of them.

Application of income and property

7. The income and property of the Company shall be applied solely towards the promotion of its objects as set forth in Article 5 and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit, to members of the Company, PROVIDED THAT nothing herein shall prevent any payment in good faith by the Company:

- (a) of reasonable and proper remuneration to any member of the Company for any services rendered to the Company and of travelling, hotel and other expenses necessarily incurred by any member of the Company in carrying out any of its duties or by any other person at the request of the Company;
- (b) of interest on money lent by a member of the Company at a rate per annum not exceeding two percentage points less than the base lending rate for the time being of the Company's clearing bankers or 3% whichever is the greater;
- (c) of fees, remuneration or other benefit in money or money's worth to a company of which a member of the Company may be a member holding not more than one hundredth part of the capital of such company;
- (d) of reasonable and proper rent for premises demised or let by any member of the Company.

8. If upon the winding up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the Company, but shall be given or transferred to some other body or bodies having objects similar to the objects of the Company, and which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Company under or by virtue of Article 7 hereof, such body or bodies to be determined by the members of the Company at or before the time of dissolution, and if so far as effect cannot be given to such provision, then to some other body.

Members

9 The subscribers to the Memorandum of Association of the Company and such other persons as are admitted to membership in accordance with the Articles shall be members of the Company. Save for the subscribers to the Memorandum of Association of the Company, no person shall be admitted a member of the Company unless he is either a Full Member or Associate Member as set out under Article 10 below and in addition he is approved by the Directors. Every person who wishes to become a member shall deliver to the Company an application for membership in such form as the Directors require executed by him.

10 There shall be the following categories of membership with the rights and privileges as defined herein:

- (a) **A FULL MEMBER** being a Drainage Body and in the case of IDBs, each IDB, shall be allocated to a Branch by the Board by reference to their geographic location;
- (b) **AN ASSOCIATE MEMBER** being a body, manufacturer or supplier with interests in the flood defence and land drainage industry meeting the criteria laid down from time to time by the Directors.

11

- (a) The subscription fees for those Full Members who are IDBs shall be determined by reference to their respective Area Annual Value Factor (calculated by reference to the area of land for which the relevant IDB is responsible and annual value of such land determined from time to time by the relevant IDB) which for Members Year 2014 shall be as follows:-

Subscription Area – Annual Value Factor	Subscription 2014 (£)
0-999	480.00
1,000-1,999	546.00
2,000-2,999	608.00
3,000-3,999	672.00
4,000-4,999	737.00
5,000-5,999	811.00
6,000-6,999	878.00
7,000-7,999	946.00
8,000-8,999	1,024.00
9,000-9,999	1,095.00
10,000-19,999	1,290.00
20,000-29,999	1,471.00
30,000-39,999	1,645.00
40,000-49,999	1,830.00
50,000-59,999	2,007.00
60,000-69,999	2,194.00
70,000-79,999	2,375.00
80,000-89,999	2,549.00
90,000-99,999	2,749.00
100,000-133,333	2,930.00
166,667-199,999	3,111.00
200,000-299,999	3,292.00
300,000-399,999	3,473.00
400,000-499,999	3,623.00
500,000-599,999	3,774.00
600,000-699,999	3,925.00
700,000-799,999	4,007.00
800,000-899,999	4,227.00
900,000-999,999	4,378.00
1,000,000-1,099,999	4,680.00
1,100,000-1,199,999	4,830.00
1,200,000-1,299,999	4,982.00
1,300,000-1,399,999	5,133.00
1,400,000-1,499,999	5,284.00

- (b) The Subscription Fees for those Full Members who are not IDBs shall, for Membership Year 2014, be as follows:-

RFCC	£2,200.00
LLFA	£295.00
Environment Agency	£592.00
Rivers Agency Northern Ireland	£592.00

Natural Resources Wales	£592.00
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- (c) The subscription fees for Associate Members shall for Membership Year 2014 be £295 per annum.
- (d) The Board may at any time prior to the 30 September in any Membership Year by notice to the Members, vary the subscription fees for the Full Members and/or Associate Members for the following Membership Year.
- (e) The Subscription fees are stated as being exclusive of VAT. Any VAT payable shall be due in addition.

12 Any Full Member and Associate Member of the Company may terminate Membership on giving to the Secretary three months' written notice of its desire, but shall continue to be liable to pay the proportion of subscription or arrears of subscription accrued due up to the end of the Membership Year in which such notice expires.

13 Full and Associate Members of the Company shall be entitled to be represented at, and take part in, all General Meetings of the Company but only representatives of Full Members not in arrears with any fee for a period of more than thirty days on the date of the meeting will be entitled to vote.

14 The Directors may cancel the membership of any Full and Associate Members whose subscription fee or any other fees are more than three months in arrears, but the Directors may reinstate such Full and Associate Member upon payment of the arrears.

General meetings

15 The Company shall in each calendar year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between the date of one annual general meeting of the Company and that of the next. Provided that so long as the Company holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting in each year shall be held at such time and place as the Directors shall appoint. All general meetings other than annual general meetings shall be called general meetings. The business of the annual general meeting shall include the following matters:

- (a) to receive a report from the Directors on the activities and proceedings since the last annual general meeting;
- (b) to receive the approved accounts of the Company made up to the end of the preceding financial period, being such period as may from time to time be determined by the Directors;
- (c) to elect President, Honorary President and Vice-Presidents;
- (d) to receive a report on the election of Directors to the Board;
- (e) to appoint an internal auditor to report on the adequacy of the Company's governance, risk and control procedures, and to engage an external accountant to assist the compliant preparation of the Financial Statements to be submitted to the Annual General Meeting. Both the internal auditor and external accountant shall hold office upon such terms as the Directors shall from time to time determine.

- (f) to deal with all matters of which notice has been received in accordance with Article 17(a) and/or such other matters as, in the opinion of the Chairman, may be considered necessary or desirable;
- (g) to approve the Chairman's allowance.

16 The Directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting for a date not later than 8 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.

NOTICE OF GENERAL MEETINGS

17(a) Annual general meetings.

Subject to Article 17(c), not less than 40 Clear Days before the date of the annual general meeting, notice of the date and place thereof and such other information as the Directors shall direct, shall be sent to each Associate and Full Member of the Company. Any Associate or Full Member of the Company who desires to submit any motion or amendment, or to place any matter on the Agenda for discussion, shall send written particulars thereof to the Chief Executive not less than 30 Clear Days before the date of the annual general meeting, together with a certified copy of the appropriate resolution of the Associate or Full Member in support thereof. Not less than 20 Clear Days before the date of the annual general meeting the Chief Executive shall circulate to each Associate and Full Member of the Company a statement of the business to be transacted, together with a copy of any such particulars, reports, nominations and accounts as will be considered.

17(b) Other general meetings

Subject to Article 17(c), the Directors shall, as necessary, announce other general meetings giving, not less than 20 Clear Days before the date of the Meeting, notice of the date and place thereof and such other information as the Directors shall direct shall be sent to each Associate and Full Member of the Company. Not less than 20 Clear Days before the date of the general meeting the Chief Executive shall circulate to each Associate and Full Member of the Company a statement of the business to be transacted, together with a copy of any such particulars, reports, nominations and accounts as will be considered.

17(c) A general meeting may be called by shorter notice if it is so agreed:

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (ii) 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 95 per cent of the total voting rights at the meeting of all the members.

17(d) The notice of general meeting (including annual general meeting) shall comply with the provisions of section 325 of the Act (notice of general meeting to contain statement of right to appoint a proxy) and 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.

17(e) The notice shall be given to all the members and to the Directors and auditors.

18 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at general meetings

19 No business shall be transacted at any meeting unless a quorum is present. Twelve persons entitled to vote upon the business to be transacted, each being a Full Member or a proxy for a Full Member or a duly authorised representative of a corporation, being a Full Member, shall be a quorum.

20 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 other time as the Directors may determine.

21 The chairman, or, if he is absent, the Vice-Chairman, shall preside as chairman of the meeting, but if neither the Chairman nor the Vice-Chairman be present within 15 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.

22 If no Director is willing to act as chairman, or if no Director is present within 15 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.

23 A Director shall, notwithstanding that he is not a member, be entitled to attend and speak (but not vote) at any general meeting.

24 The Chairman of the relevant meeting may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least seven Clear Days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

25 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 of the relevant meeting; or
- (b) by at least three 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;

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

26 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.

27 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the relevant meeting 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.

28 A poll shall be taken as the chairman of the relevant meeting 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.

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

30 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 other time and place as the chairman of the relevant meeting directs not being more than 30 Clear 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.

31 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 7 Clear Days' notice shall be given specifying the time and place at which the poll is to be taken.

32 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 duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members.

Votes of members

33 On a show of hands every Full Member who (being an individual) is present in person or by proxy or (being a corporate body) is present by a representative or proxy shall have one vote. On a poll, each Full Member who (being an individual) is present in person or by proxy or (being a corporate body) is present by representative or proxy shall be entitled to vote and:

- (a) the number of votes to which each such Full Member being an IDB shall be entitled on a poll shall be determined by reference to their respective Area Annual Value Factors for the relevant Membership Year as follows:-

Subscription Area – Annual Value Factor	Number of Votes 2014
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0-7,499	2
7,500-9999	3
10,000-20,999	4
21,000-34,999	5
35,000-49,999	6
50,000-79,999	7
80,000-94,999	8
95,000-134,999	9
135,000-399,999	10
400,000+	11

- (b) the number of votes to which each Full Member, not being an IDB shall be entitled on a poll shall be:-

Full Members	Number of Votes
LLFA	1
RFCC	7
Environment Agency	2
Rivers Agency Northern Ireland	2
Natural Resources Wales	2

- (c) a Voting Card shall be issued by the Chief Executive to each Full Member which has notified its intention of being represented at the annual or other general meeting and such Voting Cards shall be marked with the appropriate number of votes as mentioned in this Article.

34 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

35 An appointment of a proxy shall be in writing, executed by or on behalf of the appointer and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

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 and at
any adjournment thereof.
Signed on

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

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 _____, and at an adjournment thereof.

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

Resolution No 1 †for †against

Resolution No 2 †for †against

† strike out whichever is not desired.

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

Signed this _____ day of _____

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

- (a) in the case of an instrument in writing be deposited at the office or 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 an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:
 - (i) in the notice convening the meeting, or
 - (ii) in any instrument of proxy sent out by the company in relation to the meeting, or
 - (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the company in relation to the meeting,

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

- (c) in the case of a poll taken more than 48 hours after it is demanded, be deposited or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- (d) where the poll is not taken forthwith but is taken not more than 48 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 appointment of proxy which is not deposited, delivered or received in a manner so permitted shall be invalid. In this Article and in the next, "address" in relation to electronic communications includes any number or address used for the purpose of such communications.

38 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 or where the appointment of the proxy was contained in an electronic communication at the address at which such appointment was duly received before the commencement of the meeting or adjourned meeting at which the vote is given 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.

Number of Directors

39 Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than one and shall not exceed sixteen.

Alternate Directors, Representatives and Observers

40 No Director may appoint an alternate director. In the event that any Director is unable to attend any meeting of the Directors a representative of that Director's Appointing Body may attend in that Director's stead. Such representative shall be entitled to speak at such meeting of the Directors but shall not be counted as part of the quorum of the meeting or have the right to vote at any such meeting or receive notice of any future meeting of the Directors. Such representative shall not be deemed to be a Director.

41 The Department of Food and Rural Affairs may appoint one observer to attend meetings of the Directors. Such observer shall be entitled to speak at such meeting of the Directors but shall not be counted as part of the quorum of the meeting or have the right to vote at any such meeting or receive notice of any future meeting of the Directors. Such observer shall not be deemed to be a Director.

42 Any person attending a meeting of the Directors, whether as a representative of an absent Directors Appointing Body or observer, shall comply with such rules relating to declaration of interests and confidentiality as the Board may from time to time determine.

43 The Chairman may if he deems appropriate in the interests of the Company, exclude all or some of the representatives referred to in Article 40 and/or observers from all or part of any meeting of the Directors.

Powers of Directors

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

45 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

Delegation of Directors' powers and Chief Executive

46 The Directors may delegate to any managing or other Director holding executive office or Chief Executive such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. The Chief Executive shall be entitled to attend and speak at both Board and general Meetings of the Company but shall not be counted as part of the quorum at either such meeting and shall have no right to vote at either such meeting.

47 Branches

- (a) Subject to the provisions of Article 47(c), the role of Branches is to:
- (i) represent the interests of water level management bodies at the local level;
 - (ii) raise awareness of the work of IDBs;
 - (iii) bring together other bodies involved in water management;
 - (iv) set up and coordinate partnerships to pool resources to deliver integrated water management more cost effectively;
 - (v) pass up local views and issues to the Board, and pass down to members the decisions of the Board; and
 - (vi) work with Technical Committees to develop and communicate best practice.
- (b) The constitution of each of the Branches, together with any amendment shall be produced by the Branch and approved by the Board.
- (c) The term of reference of each of the Branches shall be determined from time to time by the Board.
- (d) In the event of the merger, amalgamation or dissolution of any one or more of the Branches, the Directors appointed by any such merged, amalgamation or dissolved Branch or Branches shall retire at the next following annual general meeting of the Company. Such Directors shall, subject to the provision of the last sentence of Article 53(a), be eligible for re-election.
- (e) Any changes to the number or identity of the Branches as a result of any merger, amalgamation or dissolution of any of the Branches shall be subject to the approval of the Full Members at the annual general meeting following any such merger, amalgamation or dissolution

Appointment of Directors

48 The Board shall consist of ten Branch Directors as appointed in Article 49, two Committee Directors appointed in accordance with Article 50, up to three Directors appointed in accordance with Article 51, and if the Chairman is not elected from amongst the Directors, the Chairman.

49 Subject to the provisions of Article 52 each of the Branches shall be entitled to appoint one Branch Director in accordance with the provisions of their applicable constitution and terms of reference.

50 Subject to the provisions of Article 52 each of the Technical Committees shall be entitled to appoint one Committee Director in accordance with the provisions of their applicable constitution and terms of reference.

51

- (a) Subject to the provisions of Article 52 each of the following may appoint one Non Branch Director and by notice in writing to the Chairman remove and/or replace any such Non Branch Director appointed by them in each case in accordance with such rules of procedure as apply to such body:-
- Environment Agency;
 - those LLFAs who are Full Members between them; and
 - those RFCCs who are Full Members between them at the annual meeting of their national group
- (b) In default of the RFCCs who are Full Members between them appointing a director by the first Board Meeting following each annual general meeting of the Company the Board shall endeavour to co-opt to the Board one person willing to act from a RFCC which is a Full Member.
- (c) In default of the LLFAs who are Full Members between them appointing a director by the first Board Meeting following each annual general meeting of the Company the Board shall endeavour to co-opt to the Board one person willing to act from an LLFA which is a Full Member.
- (d) Any Director co-opted onto the Board in accordance with either of Article 51(b) and/or 51(c) shall, unless removed and/or replaced beforehand by their Appointing Body, resign at the next following annual general meeting.
- (e) In the event of a dispute between any one or more of either the LLFAs and/or the RFCCs as to the appointment of their respective Non Branch Directors, the decision of the Board as to who is appointed a Director by the LLFAs or RFCC, as the case may be, shall be final.

52 In the event that the Chairman shall be elected from amongst the Directors, his relevant Appointing Body shall be entitled to appoint one other Director.

53 **Term of office**

- (a) Subject to the provisions of Article 47(d), each of the Branch Directors shall hold office for a term of three years. One third of the Branch Directors shall retire annually, commencing at the first annual general meeting of the Company following the first anniversary of the Company's incorporation. In the absence of agreement, those retiring at that annual general meeting and the next, shall be determined by lots. Any such Director retiring may be reappointed by their respective Appointing Body save that no Branch Director may serve as a Director for more than three consecutive terms.

- (b) Each of the Committee Directors shall hold office for two years. One of the Committee Directors shall retire annually commencing at the second annual general meeting following the Company's incorporation. In the absence of agreement the Committee Director retiring at that annual general meeting shall be determined by lots. Any such Director retiring may be reappointed by their respective Appointing Body save that no Committee Director may serve as a Director for more than three consecutive terms.
- (c) Subject to Article 51(e), the Non Branch Directors may be removed and/or replaced by their respective Appointing Bodies by notice in writing to the Chairman.

54 Powers and duties

- (a) The Board, save as otherwise provided by the Company's Memorandum and Articles of Association, shall be vested with full power to manage all the affairs of the Company.
- (b) Without prejudice to the statutory and common law duties of the Directors, the role of the Directors is to act in the best interests of the Company; it is not merely to represent the views of their Appointing Body.

55 Committees

- (a) The Directors shall delegate such of its powers to the Technical Committees as shall from time to time be within the terms of reference of each such Technical Committee. The terms of reference and constitution of each of the Technical Committees, together with any amendment thereto, shall be determined from time to time by the Board.
- (b) In addition to the Technical Committees, the Board may appoint such Committees as it may deem necessary and may delegate such of its powers as it may think fit upon such terms and conditions as shall be deemed expedient. Subject to any such conditions, the proceedings of a Committee shall be governed by the Articles of Association regulating the proceedings of Directors so far as they are capable of applying. Such Committees shall consist of such Directors and other persons as the Board may think fit. The Chairman and Chief Executive shall be ex-officio members of all such Committees. Membership of the Committees will be ratified annually by the Board.

56 Disqualification and removal of Directors

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 1984; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the

appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

- (d) he resigns his office by notice to the Company; or
- (e) he shall for more than six consecutive months have been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office be vacated; or
- (f) in the case of a Non Branch Director he is removed or replaced by his Appointing Body; or
- (g) in the case of a Branch Director they cease to be a member of or employed or engaged, whether as an employee or consultant by an IDB or other Branch Member within the Branch which is their Appointing Body; or
- (h) in the case of a Committee Director he cease to be a Member of the relevant Technical Committee which is his Appointing Body.

Remuneration of Directors

57 Subject to the provisions of Article 7, the Directors shall be entitled to such remuneration as the Company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

Directors' expenses

58 The Directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committee of Directors or general meetings or separate meetings of the holders of debentures of the Company or otherwise in connection with the discharge of their duties.

Directors' appointments and interests

59 Subject to the provisions of the Act and Article 7, and without prejudice to the appointment of a Chief Executive, 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.

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

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested;

- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested;
- (d) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

61 For the purposes of regulation 60:

- (a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

62 Subject to the provisions of Article 7 the Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including spouse and a former spouse) or any person who is or was dependent upon him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase of provision of any such benefit.

Proceedings of Directors

63 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Save as otherwise provided each Director shall have one vote.

64 The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be seven Directors of whom not fewer than five shall be Branch Directors.

65 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.

66 The Chairman, or, if he is absent, the Vice-Chairman, shall preside at every meeting of Directors at which he is present. But if there is no Director holding that office, or if the Director holding it is unwilling to preside or is not present within 5 minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.

67 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

68 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors as (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.

69 A Director shall not vote at a meeting of Directors 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;
- (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;
- (c) his interest arises by virtue of his subscribing or agreeing to subscribe for any debentures 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 debentures by the Company or any of its subsidiaries for subscription, purchase or exchange;
- (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 regulation 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.

70 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.

71 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 Directors or of a committee of Directors.

72 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.

73 If a question arises at a meeting of Directors 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

74 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

75 The Directors shall cause minutes to be made in books kept for the purpose:

- (a) of all appointments of officers made by the Directors; and
- (b) of all proceedings at meetings of the Company, and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting.

The seal

76 The Seal shall only be used by the authority of the Directors or of a committee of Directors authorised by the Directors. The Directors 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 two Directors.

OFFICERS

77 President and Vice-President

Save for the first President, Honorary President and Vice President who shall each be the Presidents and Vice Presidents of the former unincorporated association of drainage authorities and immediately prior to the transfer of its undertaking to the Company who shall resign at the first annual general meeting following the incorporation of the Company, the Company may appoint a President, Honorary President and Vice-Presidents, who shall be nominated by the Board and elected at the annual general meeting, and shall be entitled to attend all meetings of the members and the Board, shall have no vote at such meetings but shall be entitled to speak.

78 Chairman

The Chairman of the Company who need not be a Director shall be elected by the Board. The Chairman's term of office shall be limited to three years. No Chairman may serve for

more than three consecutive terms. The Chairman shall be entitled to such allowance as shall be approved by the members at the annual general meeting.

79 Vice Chairman

The Vice Chairman shall be elected by the Board from amongst the Directors – the Vice Chairman's term of office shall be limited to three years. No Vice Chairman may serve for more than three consecutive terms.

80 Chief Executive

The Chief Executive shall be appointed by the Board and shall carry out the duties of the office on such terms and conditions as the Board shall, from time to time, determine.

Accounts

81 No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the Directors or by ordinary resolution of the Company.

Notices

82 Any notice to be given to or by any person pursuant to the Articles shall be in writing.

83 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 (in the case of a Full Member, addressed to or for the attention of the Clerk/Manager of the relevant Member) at his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the Company by the member. In this Article and in Articles 84 and 86, "address" in relation to electronic communications includes any number or address used for the purpose of such communications. 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.

84 All notices and other communications for the Company shall be addressed to the Chief Executive at the address of such Chief Executive, or such other address as the Board shall decide and advise Members thereof.

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

86 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent to the Member's address shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

Directors' Indemnity

87 Subject to article 87(a), but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to

them including any liability incurred by him in defending any civil or criminal proceedings in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

- (b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 87(c) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

88 Article 84 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

89 In Article 87 and 90, companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

Insurance

90 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company.

Winding Up

91 In the event of consideration being given to dissolve and wind up the Company, the following procedure will be adopted;

- (a) the Board will so recommend to the annual general meeting or another general meeting;
- (b) the annual general meeting or other general meeting will vote and such a resolution will be carried with a majority in favour of not less than three quarters of the votes cast at the meeting;
- (c) subject to the provisions of Article 8 the disposal of assets or the covering of liabilities will be approved by the annual general meeting or other general meeting.

Adoption and Alteration of these Articles

92 These Articles having been approved and adopted shall not be altered except at an annual general meeting or another general meeting for which notice must be served in accordance with Article 17.