

**THE COMPANIES ACTS 1985 to 1989**

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**COMPANY LIMITED BY GUARANTEE AND  
NOT HAVING A SHARE CAPITAL**

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**Memorandum  
and  
Articles of Association  
of  
Water and Sanitation for the Urban Poor**

**Bates, Wells & Braithwaite  
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Ref: STL/AES/019694/0001

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MEMORANDUM OF ASSOCIATION

of

**WATER AND SANITATION FOR THE URBAN POOR**

**NAME**

1. The name of the company (hereinafter called the “Company”) is Water and Sanitation for the Urban Poor.

**REGISTERED OFFICE**

2. The registered office of the Company will be situate in England and Wales.

**OBJECTS**

3. The Company’s objects are:-
  - 3.1 to relieve poverty and suffering in any part of the world through the improvement of water supplies and sanitation by researching, developing, scoping, delivering and/or monitoring sustainable and replicable water, sanitation and hygiene projects and programmes, in partnership with other organisations, that focus on achieving full service coverage for cities and mid-sized towns in the developing world with a particular focus on water and sanitation service provision at a level appropriate to the circumstances in low income areas;
  - 3.2 to advance education in relation to health and hygiene matters in the water and sanitation sector; and
  - 3.3 to do all such other benevolent things incidental or conducive to the provision of water and sanitation services and the above objects.

**POWERS**

4. To promote its objects but not for any other purpose the Company may:-

- 4.1 write, make, commission, print, publish or distribute written materials and reports, or other materials recorded in or on any format, or assist in these activities;
- 4.2 promote, initiate, develop and carry out education and training and arrange and provide or assist in arranging and providing exhibitions, lectures, meetings, seminars, displays or classes;
- 4.3 promote, encourage, carry out or commission project proposals and plans, research, surveys, studies or other work, and where considered appropriate to publish the results;
- 4.4 purchase, lease hire receive in exchange or as a gift any interest whatever in real or personal property and equip it for use;
- 4.5 subject to any consent required by law sell, manage, lease, mortgage, exchange dispose of or deal with all or any of its property with or without payment and subject to such conditions as it may think suitable;
- 4.6 subject to any consent required by law borrow and raise money on such terms and security as the Company may think suitable;
- 4.7 raise funds and invite and receive contributions from any person(s) provided that the Company shall not undertake any permanent trading activities in raising funds;
- 4.8 carry on trade in the course of carrying out any of its objects including for the avoidance of doubt providing services to third parties in return for fees;
- 4.9 carry on temporary trade ancillary to carrying out its objects;
- 4.10 incorporate wholly owned subsidiary companies to carry on any trade;
- 4.11 employ and pay employees and professional or other advisors;
- 4.12 grant pensions and retirement benefits to employees of the Company and to their dependants and subscribe to funds or schemes for providing pensions and retirement benefits for employees of the Company and their dependants;
- 4.13 establish, promote, support, aid, amalgamate or co-operate with, become a part or member, affiliate or associate of, and act as or appoint trustees, agents, nominees or delegates to control and manage charitable institutions whether corporate or unincorporate with objects similar to its objects and subscribe, lend or guarantee money to such charitable institutions;
- 4.14 undertake and execute any charitable trusts which may lawfully be undertaken by it;

- 4.15 invest and deal with the Company's money not immediately required for its objects in or upon any investments, securities, or property;
- 4.16 guarantee and become or give security for the performance of contracts by any person or company;
- 4.17 open and operate banking accounts and other facilities for banking and draw, accept, endorse, negotiate, discount, issue or execute promissory notes, bills of exchange and other negotiable instruments;
- 4.18 purchase or acquire or undertake all or any of the property, assets, liabilities and engagements of any charitable institutions whether corporate or unincorporate with objects similar to the Company's objects;
- 4.19 pay out of its funds the costs of forming and registering the Company;
- 4.20 pay out of the funds of the Company the cost of any premium in respect of any indemnity insurance to cover the liability of the Directors (or any of them) which by virtue of any rule of law would otherwise attach to them in respect of any negligence default, breach of trust or breach of duty of which they may be guilty in relation to the Company. No such insurance shall extend to any claim arising from any act or omission which the Directors (or any of them) knew to be a breach of trust or breach of duty or which was committed by the Directors (or any of them) in reckless disregard of whether it was a breach of trust or breach of duty or not;
- 4.21 do all such other lawful things as shall further the Company's objects.

#### **BENEFITS TO MEMBERS**

5. The income and property of the Company shall be applied solely towards the promotion of its objects set out in this Memorandum. No part 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 except for payment in good faith and at arms length of:-
  - 5.1 reasonable and proper wages to any person (not being a Director) for any services given to the Company and of reasonable travelling and other out of pocket expenses necessarily incurred in carrying out the duties of any member, officer or employee of the Company;
  - 5.2 interest on money lent to the Company at a reasonable and proper rate per annum;
  - 5.3 reasonable and proper rent for premises let to the Company;
  - 5.4 fees, or other benefits to any company of which a Director is also a member holding not more than 1/100th part of the capital;

- 5.5 fees or other benefits to members of the Company and others for services rendered to the Company in pursuance of the Company's objects in good faith and at arms length;
- 5.6 reasonable and proper premiums in respect of indemnity insurance effected in accordance with Clause 4.20 of this Memorandum;
- 5.7 the usual professional charges for business done by any Director who is a solicitor, accountant or other person engaged in a profession, or by any partner of his or hers, when instructed by the Company to act in a professional capacity on its behalf; except that at no time shall a majority of the members of the Company or the Directors benefit under this provision and provided that any such member or Director shall withdraw from any meeting at which his or her appointment or remuneration or that of his or her partner is under discussion.
- 5.8 reasonable remuneration to any Director who possesses special skills or knowledge and any firm or company of which such Director is a member partner or employee for work carried out for the Company on the instructions of the Directors but:
  - 5.8.1 only if the procedure described in Article 70 of the Articles is followed in respect of the relevant Director; and
  - 5.8.2 provided that this provision may not apply to more than half the Directors in any financial year.

#### **LIMITED LIABILITY**

- 6. The liability of the members is limited.

#### **GUARANTEE**

- 7. Every member of the Company undertakes to contribute such amount as may be required, not exceeding £1, to the Company's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member:-
  - 7.1 for the payment of the Company's debts and liabilities contracted before he or she ceased to be a member;
  - 7.2 for the costs, charges and expenses of winding up; and
  - 7.3 for the adjustment among themselves of the rights of persons who have contributed to the Company's assets.

#### **WINDING UP**

8. If any property remains after the Company has been wound up or dissolved and all debts and liabilities have been satisfied, it shall not be paid to or distributed among members of the Company. It shall instead be given or transferred to some other institution or institutions having similar objects to those of the Company and which prohibits the distribution of its or their income and property among its or their members to an extent at least as great as Clause 5 of this Memorandum imposes upon the Company. The institution or institutions which are to benefit shall be chosen by the members of the Company at or before the time of winding up or dissolution.

We, the subscribers to this Memorandum, wish to be formed into a company in accordance with this Memorandum.

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SIGNATURES, NAMES AND ADDRESSES OF SUBSCRIBERS

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	<u>Guarantee</u>
1. RWE Thames Water plc (Company Number 2366623) of Clearwater Court, Vastern Road, Reading, Berkshire RG1 8DB	£1

Dated: 8 April 2005 |

2. Halcrow Group Limited (Company number 3415971) of Vineyard House, 44 Brook Green, London W6 7BY	£1
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Dated: 8 April 2005 |

3. CARE International UK £1  
(registered charity number 292506) of  
10-13 Rushworth Street,  
London SE1 0RB

Dated: [8 April 2005](#) |

4. WaterAid £1  
(registered charity number 288701)  
of Prince Consort House, 27-29 Albert Embankment,  
London SE1 7UB

Dated: [8 April 2005](#) |



THE COMPANIES ACTS 1985 to 1989

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COMPANY LIMITED BY GUARANTEE AND  
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ARTICLES OF ASSOCIATION

OF

**WATER AND SANITATION FOR THE URBAN POOR**

**INTERPRETATION**

1. In these Articles and the Memorandum of Association the following terms shall have the following meanings:-

<b>Term</b>	<b>Meaning</b>
1.1 “Act”	the Companies Act 1985 including any statutory modification or re-enactment for the time being in force;
1.2 “Articles”	these Articles of Association of the Company;
1.3 “change of control”	occurs if a person (or persons acting in concert) who, directly or indirectly, controls a member ceases to do so or if a person (or persons acting in concert) acquires, directly or indirectly, control of the member, where “control” has the meaning set out in s.840 of the Income and Corporation Taxes Act 1988 and where that control is unconditional in all respects;
1.4 “clear days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
1.5 “Company”	Water and Sanitation for the Urban Poor;

- |      |                             |   |
|------|-----------------------------|---|
| 1.6  | “Director” and “Directors”  | the director and directors as defined in the Act;   |
| 1.7  | “electronic communications” | has the meaning given to it in the Electronic Communications Act 2000;  |
| 1.8  | “electronic signature”      | has the meaning given to it in the Electronic Communications Act 2000;  |
| 1.9  | “Independent Director”      | a Director appointed pursuant to Article 53 independent of the members;   |
| 1.10 | “in writing”                | means written, printed or transmitted writing including by electronic communication;  |
| 1.11 | “Memorandum”                | the Memorandum of Association of the Company;   |
| 1.12 | “Not for Profit member”     | a member whose constitution dictates it is a not for profit organisation;   |
| 1.13 | “Office”                    | the registered office of the Company;   |
| 1.14 | “Private Sector member”     | a member whose constitution permits profits to be distributed to its members; and   |
| 1.15 | “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. |
2. Unless the context otherwise requires, words or expressions contained in the Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when the Articles become binding on the Company.

### **MEMBERSHIP**

3. The subscribers to the Memorandum and such other persons as are admitted to membership in accordance with the Articles shall be members of the Company. Subject to Article 4, every person who wishes to become a member shall deliver to the Company an application for membership in such form as the Directors require signed by him or her.

4. The Directors may in their absolute discretion decline to accept any person as a member and need not give reasons for so doing.
5. The Directors may from time to time prescribe criteria for and categories of membership but shall not by so doing become obliged to accept persons fulfilling those criteria as members. The Directors shall categorise members as Not for Profit members and Private Sector members and in considering applications for membership shall endeavour to maintain an equal or as near equal as possible balance between such categories of members.
6. If a person becomes a member as a representative of an unincorporated association or body, the name of the member, the name of the unincorporated association or body and the fact that the member is its representative shall be entered in the register of members.
7. Subject to the Directors' right to decline to accept any person as a member, the unincorporated association or body shall be able to replace the member who is its representative with another person by giving notice in writing to the Company and without it being necessary for the outgoing member to give notice or the incoming member to complete an application form.
8. Every corporate member shall appoint an individual to represent it at meetings of the Company and the name of such representative and the fact that he or she is the representative of such member shall be noted in the register of members. A corporate member shall be able to replace its representative with another individual by giving notice in writing to the Company.
9. In respect of Articles 7 and 8 upon written request by all the members and the Directors (except the individual representative or member concerned) a member shall remove its representative and replace him with an alternative representative acceptable to the other members and the Directors.
10. Subject to Article 7, membership shall not be transferable and shall cease on death. A member shall cease to be a member:-
  - 10.1 on the expiry of at least seven clear days' notice given by him or her to the Company of his or her intention to withdraw;
  - 10.2 if any subscription or other sum payable by the member to the Company is not paid on the due date and remains unpaid seven days after notice served on the member by the Company informing him or her that he or she will be removed from membership if it is not paid. The Directors may re-admit to membership any person removed from membership on this

ground on his or her paying such reasonable sum as the Directors may determine;

- 10.3 if it becomes insolvent or makes any arrangement or composition with its creditors generally or it goes into liquidation otherwise than for the purpose of a solvent reconstruction or amalgamation or has an administrator or a receiver or an administrative receiver (but not an administrative receiver appointed under Section 18 of the Charities Act 1993) appointed over all or any part of its assets or an order is made or a resolution passed for its winding up; or
  - 10.4 upon a change of control of a member where subsequent to such change the Directors pass a resolution in accordance with article 10.5;
  - 10.5 if, at a meeting of the Directors at which all of the Directors (save for the Director(s) appointed by the relevant member) are present, a resolution is passed resolving that the member be expelled. Such a resolution shall not be passed unless the member has been given at least fourteen clear days' notice in writing that the resolution is to be proposed, specifying the circumstances alleged to justify expulsion, and has been afforded a reasonable opportunity of being heard by or of making written representations to the Directors. A member expelled by such a resolution shall nevertheless remain liable to pay to the Company any subscription or other sum owed by him or her.
11. The Directors may with the consent of all the members levy subscriptions on all members of the Company at such rate(s) as the members shall decide and may levy subscriptions at different rates on different categories of members.

### **Observers**

12. The Directors may from time to time prescribe criteria for and categories of observers but shall not by doing so become obliged to accept persons fulfilling those criteria as observers. The Directors may appoint and remove any person as an observer of the Company and on such terms as it shall think fit.
13. An observer shall have the right to be given notice of, to attend and speak (but not vote) at any general meeting of the Company as if a member and to attend meetings of the Directors and committees of Directors as if a Director, and shall also have the right to receive accounts of the Company when available to members.

## **GENERAL MEETINGS**

### **Annual General Meeting**

14. The Company shall hold an annual general meeting within 18 months of incorporation and afterwards once in each calendar year. Not more than 15 months shall pass between the date of one annual general meeting and the next. It shall be held at such time and place as the Directors shall think suitable.

### **Other General Meetings**

15. The Directors may call a general meeting at any time subject to giving notice as required by the Act. The Directors shall call a general meeting on receiving a requisition to that effect, signed by at least ten per cent of the members having the right to attend and vote at general meetings. In default, the requisitionists may call a general meeting in accordance with the Act.

### **Length of Notice**

16. Unless Article 17 applies, an annual general meeting and a general meeting called to pass a special resolution or a resolution appointing a person as a Director shall be called by at least 21 clear days' written notice and any other general meeting shall be called by at least 14 clear days' written notice.
17. A general meeting may be called by shorter notice if it is so agreed:-
  - 17.1 in the case of an annual general meeting, by all the members entitled to attend and vote at that meeting; and
  - 17.2 in the case of any other general meeting, by a majority of the members having a right to attend and vote at that meeting. Any such majority shall together represent at least 95% of the total voting rights at that meeting of all the members.

### **Contents of Notice**

18. Every notice calling a general meeting shall specify the place, day and time of the meeting and the general nature of the business to be transacted. In the case of an annual general meeting, the notice shall in addition specify the meeting as such. If a special resolution is to be proposed, the notice shall contain the text of the resolution to be proposed.

### **Service of Notice**

19. Notice of general meetings shall be given to every member and to the Directors and any observers and to the auditors of the Company.

## **PROCEEDINGS AT GENERAL MEETINGS**

20. No business shall be transacted at any meeting unless a quorum is present. A majority in excess of 50 per cent of the Not for Profit members and a majority in excess of 50 per cent of the Private Sector members from time to time or a proxy for such members entitled to vote upon the business to be transacted shall be a quorum.
21. If such a quorum is not present within half an hour from the time appointed for the meeting, 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 Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.
22. The chair, if any, of the Directors or in his or her absence some other Director nominated by the Directors shall preside as chair of the meeting, but if neither the chair nor such other Directors (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 chair and, if there is only one Director present and willing to act, he or she shall be chair.
23. If no Director is willing to act as chair, 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 chair.
24. A Director may, even if not a member, attend and speak at any general meeting.
25. The chair 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 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.
26. 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:-
  - 26.1 by the chair; or
  - 26.2 by at least two members having the right to vote at the meeting; or

- 26.3 by a member or members representing at least ten per cent 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.
- 27.1 Unless a poll is duly demanded a declaration by the chair 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.
- 27.2 Resolutions of the members shall only be passed on a show of hands or on a poll if there is:
- 27.2.1 in the case of a matter requiring a special resolution a majority in excess of three quarters; or
- 27.2.2 in the case of a matter requiring an ordinary resolution a majority in excess of one half;
- of both the Not for Profit Members and the Private Sector Members present and voting or entitled to vote in person or by proxy.
28. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chair 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.
29. A poll shall be taken as the chair directs and he or she 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.
30. In the case of an equality of votes, whether on a show of hands or on a poll, the chair shall not be entitled to a casting vote in addition to any other vote he or she may have.
31. A poll demanded on the election of the chair 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 chair 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.

32. 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 to all members specifying the time and place at which the poll is to be taken.
33. The proceedings at any meeting or on the taking of any poll shall not be invalidated by reason of any accidental informality or irregularity or any want of qualification in any of the persons present or voting.
34. 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 or she 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 signed by or on behalf of one or more members. The date of a written resolution shall be the date on which the last member signs.

#### **Votes of members**

35. On a show of hands every member present in person shall have one vote. On a poll every member present in person or by proxy shall have one vote.
36. No member may vote on any matter in which he or she is personally interested, pecuniarily or otherwise, or debate on such a matter without in either case the permission of the members present voting as specified in article 27.2.1 in person or by proxy at the meeting, such permission to be given or withheld without discussion.
37. No member shall be entitled to vote at any general meeting unless all monies presently payable by him or her to the Company have been paid.
38. 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 chair whose decision shall be final and binding.
39. A proxy shall be appointed in writing, executed by the appointing member (and if that member is a corporation it shall be signed by one director and the company secretary of such company or by two of its directors or otherwise as required by the appointing corporation's constitution) and shall be in the following form (or in form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):-

“Water and Sanitation for the Urban Poor,

I/We, \_\_\_\_\_, of \_\_\_\_\_, being a member/members of the above named Company, hereby appoint \_\_\_\_\_, of \_\_\_\_\_, or failing him/her, \_\_\_\_\_, 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 \_\_\_\_\_ ”

40. Where it is desired to afford members an opportunity of instructing the proxy how he or she shall act 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)-

“Water and Sanitation for the Urban Poor

I/We, \_\_\_\_\_, of \_\_\_\_\_, being a member/members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_, or failing him/her, \_\_\_\_\_ 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.

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 or she thinks fit or abstain from voting.

Signed on \_\_\_\_\_ ”

41. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority duly certified or in some other way approved by the Directors may:-

- 41.1 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 at least 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

- 41.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and at least 24 hours before the time appointed for the taking of the poll; or
- 41.3 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 chair 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.
42. A proxy for a member who is entered on the register of members as being a representative of an unincorporated association or body may be appointed either by the member or by the unincorporated association or body.
43. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous termination of the authority of the person voting or demanding a poll unless notice of the termination 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.

## **DIRECTORS**

### **Number of Directors**

44. Unless otherwise decided by resolution of the members the minimum number of Directors shall be three and there shall be no maximum number of Directors.

### **Powers of Directors**

45. Subject to the provisions of the Act and the Memorandum and the Articles, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made. The powers given by this Article shall not be limited by any special power given to the Directors by the Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
46. 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.

## **Regulations**

47. The Directors shall have power from time to time to make, repeal or alter regulations as to the management of the Company and its affairs, as to the duties of any officers or employees of the Company, as to the conduct of business by the Directors or any committee and as to any of the matters or things within the powers or under the control of the Directors provided that such regulations shall not be inconsistent with the Memorandum or the Articles.

## **Delegation of Director's powers**

48. The Directors may delegate any of their powers or the implementation of any of their resolutions to any committee in accordance with the following conditions:
  - 48.1 the resolution making that delegation shall specify those who shall serve or be asked to serve on such committee (though the resolution may allow the committee to co-opt others not being Directors up to a specified number); and
  - 48.2 the composition of any such committee shall be entirely in the discretion of the Directors and may comprise such of their number (if any) as the resolution may specify; and
  - 48.3 the deliberations of any such committee shall be reported regularly to the Directors and any resolution passed or decision taken by any such committee shall be reported forthwith to the Directors and for that purpose every committee shall appoint a secretary; and
  - 48.4 all delegations under this Article shall be revocable at any time; and
  - 48.5 the Directors may make such regulations and impose such terms and conditions and give such mandates to any such committee or committees as they may from time to time think fit.
49. For the avoidance of doubt, the Directors may (in accordance with Article 48) delegate all financial matters to any committee and may empower such committee to resolve upon the operation of any bank account according to such mandate as it shall think fit whether or not requiring a signature of any Directors, provided always that no committee shall incur expenditure on behalf of the Company except in accordance with a budget which has been approved by the Directors.
50. The meetings and proceedings of any committee shall be governed by the provisions of the Articles regulating the meetings and proceedings of the Directors so far as the same are applicable and are not superseded by any regulations made by the Directors.

## **Appointment and removal of Directors**

51. A member shall be entitled by notice in writing signed by it and deposited at the registered office of the Company from time to time to appoint a Director and by like notice to remove any Director so appointed and by like notice to appoint any other person to be a Director in the place of the Director so removed. A member shall not be entitled to appoint more than one Director at any one time.
52. A Director appointed pursuant to Article 51 shall be at liberty from time to time to make such disclosure to the member appointing him as to the business and affairs of the Company as he shall in his absolute discretion determine.
53. The Directors appointed from time to time pursuant to Article 51 shall by unanimous resolution of the Directors appoint a minimum of two persons to be Independent Directors of the Company. An Independent Director may be removed from office by a resolution of all the other Directors from time to time. For the avoidance of doubt an Independent Director shall have the same rights and responsibilities as a Director.

## **54. Retirement by Rotation**

- 54.1 At the first annual general meeting all the Directors shall retire from office, and at every subsequent annual general meeting one-third of the Directors who are subject to retirement by rotation, or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but if there is only one Director who is subject to retirement by rotation, he shall retire.
- 54.2 Subject to the provisions of the Act, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless determined amongst themselves otherwise) be decided by lot.
- 54.3 If the Company, at a meeting at which a Director retires, does not fill the vacancy, the member appointing such Director, or in the case of an Independent Director the Directors themselves, shall appoint another person to act as a Director.
- 54.4 A Director who has served more than six years shall resign at the next following annual general meeting and shall not be eligible for re-election unless his re-election is approved by the unanimous resolution of all the members.

55. A Director may appoint any person (not necessarily being a Director) to act as his alternate and to vote in his place at meetings of the Directors or committees of Directors.
56. No person may be appointed as a Director:
  - 56.1 unless he or she has attained the age of 18 years; or
  - 56.2 in circumstances such that, had he or she already been a Director, he or she would have been disqualified from acting under the provisions of Article 59.
57. Subject to the above Articles, the members may by resolution at a General Meeting appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.
58. Subject to Articles 51 and 54 the Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

#### **Disqualification and removal of Directors**

59. The office of a Director shall be vacated if:-
  - 59.1 he or she ceases to be a Director by virtue of any provision of the Act or he or she becomes prohibited by law from being a Director; or
  - 59.2 he or she becomes bankrupt or makes any arrangement or composition with his or her creditors generally; or
  - 59.3 he or she is, or may be, suffering from mental disorder and either:-
    - 59.3.1 he or she 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
    - 59.3.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his or her detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his or her property or affairs; or
  - 59.4 he or she resigns his or her office by notice to the Company; or
  - 59.5 he is removed by a member pursuant to Article 51 or by the Directors pursuant to Article 53.

## **Expenses of Directors**

60. The Directors may be paid all reasonable travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or otherwise in connection with the discharge of their duties provided the same is approved by the Board and included in the Company's Business Plan from time to time.

## **PROCEEDINGS OF DIRECTORS**

61. Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit.
62. Two Directors may, and the Secretary at the request of two Directors shall, call a meeting of the Directors. Notice of every meeting of the Directors stating the general particulars of all business to be considered at such meeting shall be sent by post to each Director at least seven clear days (excluding Saturdays, Sundays and Bank Holidays) before such meeting unless urgent circumstances require shorter notice, but the proceedings of any meeting shall not be invalidated by any irregularity in respect of such notice or by reason of any business being considered which is not specified in such general particulars.
63. The Directors shall always seek to reach decisions by consensus. If no consensus can be reached within a reasonable period of time questions or decisions will be determined by votes of a simple majority of Directors appointed by both the Not for Profit Members and by the Private Sector Members and by at least one Independent Director (present in person, by means of an alternate or proxy or pursuant to article 69).
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 a majority of the Directors appointed by the Not for Profit members and a majority of the Directors appointed by the Private Sector members and one Independent Director.
65. The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number but, if and so long as the number of Directors is less than the number fixed as a quorum, the Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company but for no other purpose.
66. The Directors may appoint one of their number to be the chair of the Directors and may at any time remove him or her from that office. Unless he or she is unwilling to do so, the Director so appointed shall preside at every meeting of Directors at which he or she is present. If there is no

Director holding that office, or if the Director holding it is unwilling to preside or is not present within fifteen minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chair 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, even if 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 (including any form of electronic signature) by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors. The date of a written resolution of the Directors shall be the date on which the last Director signs.
69. A Director shall be deemed to be present at a meeting of Directors if he participates by telephone or other electronic means and all members participating in the meeting are able to hear all other participants and all participants may communicate simultaneously with all other participants.

### **Conflicts of interest**

70. Whenever a person has a personal interest in a matter to be discussed at a meeting, and whenever a person has an interest in another organisation whose interests are reasonably likely to conflict or potentially conflict with those of the Company in relation to a matter to be discussed at a meeting, he or she must:
  - 70.1 declare an interest before discussion begins on the matter;
  - 70.2 withdraw from that part of the meeting unless expressly invited to remain;
  - 70.3 in the case of personal interests not be counted in the quorum for that part of the meeting;
  - 70.4 in the case of personal interests withdraw during the vote and have no vote on the matter.

### **GENERAL**

## **Secretary**

71. 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 may be removed by them.

## **Minutes**

72. The Directors shall cause minutes to be made in books kept for the purpose:-

72.1 of all appointments of officers made by the Directors; and

72.2 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;

and any such minute, if purported to be signed by the chair of the meeting at which the proceedings were had, or by the chair of the next succeeding meeting, shall, as against any member or Director of the Company, be sufficient evidence of the proceedings.

## **Accounts and Reports**

73. The Company may in general meeting impose reasonable restrictions as to the time at which and the manner in which the statutory books and accounting records of the Company may be inspected by the members but subject thereto the statutory books and accounting records shall be open to inspection by the members during usual business hours.

74. The Directors shall comply with the requirements of the Act (or any statutory re-enactment or modification of those Acts) as to keeping financial records, the audit or examinations of accounts and the preparation and transmission to the Registrar of Companies of:

74.1 annual reports;

74.2 annual returns;

74.3 annual statements of account.

## **Notices**

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

76. 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 or her registered address or by leaving it at that address, or by facsimile or by

electronic means to an address provided for that purpose or posted on a website where the recipient has been notified of such posting in a manner agreed by him or her.

77. 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 purpose for which it was called.
78. Proof that an envelope containing a notice was properly addressed, prepaid and posted or proof that an electronic communication or facsimile has been transmitted to the correct address or number shall be conclusive evidence that the notice was given. A notice shall, unless the contrary is proved, be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

### **Indemnity**

79. Subject to the provisions of the Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour or in which he or she is acquitted or in connection with any application in which relief is granted to him or her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, and against all costs, charges, losses, expenses or liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto.

### **Indemnity Insurance**

80. The Directors shall have power to resolve pursuant to clause 4.20 of the Memorandum to effect indemnity insurance, despite their interest in such policy.

### **Winding-up**

81. The provisions of clauses 7 and 8 of the Memorandum of Association relating to the winding-up or dissolution of the Company shall have effect and be observed as if the same were repeated in the Articles.

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NAMES, ADDRESSES AND SIGNATURES OF SUBSCRIBERS

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1. RWE Thames Water plc  
(Company Number 2366623) of  
Clearwater Court, Vastern Road,  
Reading,  
Berkshire RG1 8DB

Dated: 8 April 2005 |

2. Halcrow Group Limited  
(Company number 3415971) of  
Vineyard House, 44 Brook Green,  
London W6 7BY

Dated: 8 April 2005 |

3. CARE International UK  
(registered charity number 292506) of  
10-13 Rushworth Street,  
London SE1 0RB

Dated: 8 April 2005 |

4. WaterAid  
(registered charity number 288701)  
of Prince Consort House, 27-29 Albert Embankment,  
London SE1 7UB

Dated: 8 April 2005 |