

Company Number: 7968009

The Companies Act 2006

PRIVATE COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

Bettercoal

Incorporated on 28 February 2012

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY GUARANTEE
ARTICLES OF ASSOCIATION OF
BETTERCOAL

1. OBJECTS

- 1.1 Bettercoal is a global, not-for-profit membership-based organisation set up to advance continuous improvement of corporate social responsibility, including social, environmental and ethical practices, in the coal supply chain. The vision of Bettercoal is a coal supply chain that protects the environment, respects the rights of the people and contributes positively to the livelihoods of workers and communities, and to the sustainability of producers. Membership of Bettercoal is open to all companies and incorporated organisations that fulfill the criteria for membership.
- 1.2 The objects of the Company include the continuous improvement of corporate responsibility in the coal supply chain,
- (a) by improving business practices;
 - (b) by engaging with stakeholders;
 - (c) by establishing and promoting a shared set of standards.
- 1.3 In pursuing its objects, the Company and these Articles shall not place any obligations and/or restrictions – direct or indirect – on members' choice of sources of coal, including suppliers, marketers, and agents.

2. INTERPRETATION

- 2.1 In these articles unless the context requires otherwise:

"2015 AGM" means the annual general meeting of the Company held in the year 2015;

"2018 AGM" means the annual general meeting of the Company held in the year 2018;

"Articles" means the Company's articles of association;

"Associate member" means a member admitted to Associate membership in accordance with Article 5.3 (b);

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than Scotland, England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"Bettercoal Code" means the principles and standards of practice developed by the Company and identifying the social, environmental and ethical principles that coal mining operations are expected to align with;

"Bettercoal tools" means the tools and processes developed by the Company to enable coal suppliers to measure their performance against the Bettercoal Code including, without limitation, its self-assessment, site assessment, remediation and database tools and processes;

"Chairman" means the Chairman of the Directors;

"chairman of the meeting" means the person in the chair at the meeting in question;

"Director" means a Director of the Company, who shall be a Director of the Company for the purposes of the Companies Act 2006;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"electronic form" has the meaning given in section 1168 of the Companies Act 2006;

"Founder-Appointed Director" means a Director appointed or deemed to have been appointed by a Founding Member in accordance with these Articles but shall cease to have effect from the conclusion of the 2018 AGM;

"Founding member" means a Regular member who subscribed to the memorandum of association of the Company on its incorporation;

"member" has the meaning given in section 112 of the Companies Act 2006;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"Regular member" means a member admitted to Regular membership in accordance with Article 5.3(a);

"special resolution" has the meaning given in section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006;

"three-year term of office" means in relation to a Director (other than a Founder-Appointed Director) the period commencing on the date of his appointment or last reappointment as a Director and terminating on the date of the third annual general meeting held after such appointment or reappointment (as the case may be); and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 2.2 Companies are "affiliated companies" if one is a subsidiary of the other or both are subsidiaries of the same body corporate.
- 2.3 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the Company.
- 2.4 References in these Articles to any Act are references to that Act as amended or re-enacted from time to time and to any relevant subordinate legislation made under it.
- 2.5 Unless the context otherwise requires:
- (a) words in the singular include the plural and vice versa;
 - (b) words importing any gender include all genders;
 - (c) a reference to a person includes a reference to a body corporate;
 - (d) the headings are inserted for convenience only and do not affect the construction of these Articles; and
 - (e) a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles.

- 2.6 The model articles for private companies limited by guarantee in schedule 2 to The Companies (Model Articles) Regulations 2008 (SI 2008 No. 3229) are excluded from applying to this Company.

3. DIRECTORS' GENERAL AUTHORITY AND MEMBERS' RESERVE POWER

- 3.1 The Directors of the Company have control over the affairs and property of the Company and are responsible for management of the Company's business. The directors have authority to exercise any powers of the Company that are necessary and/or incidental to the promotion of any or all of the objects of the Company set out at Article 1.
- 3.2 The members may, by special resolution, direct the Directors to take, or refrain from taking, specified action. No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

4. LIABILITY OF MEMBERS

- 4.1 The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for -
- (a) payment of the Company's debts and liabilities contracted before he ceases to be a member;
 - (b) payment of the costs, charges and expenses of winding up; and
 - (c) adjustment of the rights of the contributories among themselves.

5. MEMBERS

- 5.1 The Founding members of the Company are the subscribers stated in the application to incorporate the Company (the "memorandum of association" provided to the Registrar of Companies in accordance with sections 7 to 9 of the Companies Act 2006) who become members on incorporation of the Company.
- 5.2 Subsequent to incorporation and subject to the provisions of Article 5.4, such other persons as the Directors shall admit to membership of the Company shall become members of the Company.
- 5.3 Membership of the Company shall be divided into the following classes:
- (a) Regular membership shall be open to companies and incorporated organisations for which coal constitutes a significant raw material in the production processes of their core business activity.
 - (b) Associate membership shall be open to companies and incorporated organisations involved in the coal supply chain as well as their trade associations and other associations representing such businesses.
- 5.4 Only companies and incorporated organisations with independent legal identity shall be admitted to membership.
- 5.5 There shall be no limit in the number of members of the Company. There shall be no refusal of any applicant fulfilling the criteria for membership of Bettercoal as defined in Article 5.3 and committing to comply with the obligations laid out in Article 6.
- 5.6 All admissions of persons as members of the Company and all cessations of membership (for whatever reason) shall be recorded in the Register of Members of the Company in accordance with the requirements of the Companies Act 2006.

6. RIGHTS AND OBLIGATIONS OF REGULAR MEMBERS

6.1 Regular members have the following obligations:

- (a) To pay annual dues;
- (b) To publicly endorse the Company including its vision, mission and standards upon admission to membership and thereafter as appropriate;
- (c) To participate in and contribute to the collective action of Bettercoal;
- (d) To recognize and promote the Bettercoal Code as a standard for social, environmental and ethical performance in the coal supply chain;
- (e) To implement the Bettercoal Code and Bettercoal tools in its due diligence processes in the coal supply chain;
- (f) To implement the Bettercoal Code in its coal supply chain through engagement and collaboration with coal suppliers and the use of Bettercoal tools;
- (g) To provide information for the purposes of the Company's annual report; and
- (h) To undertake and perform such other obligations as may from time to time be required of the member under the Company's rules and bylaws for the time being in force.

6.2 Regular members who own or control coal mines themselves have the following additional obligations:

- (a) Recognize the importance of maintaining standards in owned or controlled coal mining operations that align with the Bettercoal Code;
- (b) Recognize the importance of using the Bettercoal Code and tools in the process of continuously improving the social, environmental, and ethical performance of owned or controlled coal mining operations; and
- (c) Recognize the importance to the overall success of Bettercoal of maintaining social, environmental and ethical performance in owned or controlled coal mining operations aligned with the Bettercoal Code.

6.3 Regular members have the following rights:

- (a) To receive notice of, attend, speak and vote at general meetings, subject to the provisions of these Articles;
- (b) To propose representatives for appointment to the Board of Directors;
- (c) To use the Bettercoal logo subject to the Company's rules and bylaws for the time being in force;
- (d) To use the Bettercoal tools; and
- (e) To participate in working groups.

7. ADDITIONAL OBLIGATIONS OF FOUNDING MEMBERS

7.1 Founding members have the following additional obligations:

- (a) To appoint a representative to the Board of Directors to hold office until the Company's fourth annual general meeting;

- (b) To share the financial costs of establishing the Company during the period from the date of incorporation of the Company until the first annual general meeting and thereafter to pay its annual membership dues;
- (c) To make available the necessary and reasonable human resources and moral support to establish the Company and its operations during the period from the date of incorporation of the Company until the first annual general meeting.

8. RIGHTS AND OBLIGATIONS OF ASSOCIATE MEMBERS

8.1 Associate members have the following obligations:

- (a) To publicly endorse the Company including its vision, mission and standards;
- (b) To participate and contribute to the collective action of Bettercoal;

8.2 Associate members have the following rights:

- (a) To use the Bettercoal tools subject to the Company's rules and byelaws for the time being in force;
- (b) To use the Bettercoal logo subject to the Company's rules and byelaws for the time being in force;
- (c) To receive notice of, attend and speak (but not to vote) at general meetings; and
- (d) To participate in working groups.

9. APPLICATIONS FOR MEMBERSHIP

9.1 The Directors have authority to admit or deny any body (the "Applicant"), who has submitted an application for membership to the Company. No admission shall be denied to applicants that conform with the membership eligibility criteria as defined in these Articles, and provided that they commit clearly to the obligations set out in Article 6.

9.2 Every Applicant for membership shall sign such application form and provide such other information or evidence as the Directors may require. Every application must include a binding commitment, signed by a duly authorized officer on behalf of the Applicant, to comply with the rights and obligations of members, as set out in these articles.

9.3 The Directors may delegate to the Membership Committee the authority to admit or deny an Applicant. The Executive Director will receive the applications and provide advice to the Membership Committee on the Applicant's eligibility.

9.4 If the Membership Committee denies the Applicant, the Membership Committee must submit a statement (the "Statement") to the Directors and the Applicant, identifying the Membership Committee's reasons for not accepting the Application against the objective criteria set out in these Articles.

9.5 Within 30 days after the receipt of the Statement, the Applicant may submit to the Executive Director a written response to the Statement (the "Response") or withdraw the application in writing. If the Applicant does not reply to the Company within 30 days after receipt of the Statement, the Applicant shall be deemed to have withdrawn the application.

9.6 Within 30 days after receipt of a Response, the Directors will examine the application at a meeting of the Directors. On the basis of the Application, the Statement and the

Response, if a simple majority of the Directors present at that meeting are in favour of admitting the Applicant, the application shall be deemed successful and the Applicant shall be admitted to the appropriate class of membership. If, on the basis of the Application, the Statement and Response, a simple majority are against admission of the Applicant, the Application shall be deemed unsuccessful.

10. MEMBERSHIP DUES

- 10.1 Save as provided in Article 10.2, the members shall establish the amount of dues required of a Regular Member and an Associate Member by ordinary resolution at the annual general meeting. No person shall be permitted to become or remain a Regular member or Associate member without paying the required dues.
- 10.2 During the period from the date of incorporation of the Company until the first annual general meeting of the Company, the amount of dues required of a Regular Member and an Associate Member shall be decided by the Directors.
- 10.3 Annual dues will be due no later than 60 days after the invoice is issued.
- 10.4 The Directors shall have the right from time to time to require additional payments from the Members for such amount as they deem necessary to fund expenditure incurred or to be incurred in relation to specific projects implemented or to be implemented by the Company. Additional payments are limited to an amount equal to 25 percent of annual membership dues for the same year in which the additional payments are decided. Where the Directors require additional payments from the members they shall notify the members of the project or projects for which the additional funds are required.

11. SUSPENSION AND TERMINATION OF MEMBERSHIP

- 11.1 Membership of the Company shall not be transferable and shall cease:
- (a) on resignation, subject to the provisions of Article 11.3;
 - (b) on completion of winding up or any other dissolution, in the case of a corporate body or other organisation with independent legal identity;
 - (c) on failure to pay its dues or any other amounts payable by the member to the Company in accordance with these Articles and the Company's rules and procedures by the due date for payment thereof;
 - (d) on expulsion for any violation of these Articles or the rules or byelaws of the Company for the time being in force that would result in injury to the reputation of the Company;
 - (e) on becoming bankrupt or insolvent or compounding or making any arrangement with or for the benefit of its creditors or having a petition for its compulsory winding up presented to the court or on passing a resolution to wind up the company;
 - (f) if the member no longer meets the membership eligibility criteria as defined in these Articles and the Company's rules and byelaws;
- 11.2 Any member who, in the opinion of the Directors, has committed a violation of any provision of these Articles or the rules or byelaws of the Company for the time being in force that would result in injury to the reputation of the Company may be expelled from membership of the Company, subject to the following conditions:
- (a) The Directors must serve a written statement of objection on the member in question specifying the cause of its suspension.

- (b) The member in question will be suspended for a period of three months from the date of service of the statement of objection on it, during which period it can rectify the situation. The member may within the three-month suspension period send a written response to the Directors but shall not be entitled to vote at any general meeting held during that period.
- (c) At the end of the suspension period and if the member in question has not rectified the situation to the satisfaction of the Directors, such member may be expelled on the passing of a resolution passed by not less than three-quarters of the Directors present at a meeting of the Directors convened for the purpose of considering such expulsion. The member whose expulsion is proposed must be given at least 14 clear days' notice of the meeting at which its expulsion is proposed and must be given an opportunity at the meeting to be heard in its own defence.
- (d) No Director who is a representative of the member in question may vote on any matter concerning its suspension or expulsion.

11.3 A member desiring to resign from membership must give not less than 6 months' advance notice.

11.4 Termination of membership for any reason shall not relieve the member from liability to pay in full any unpaid dues or other duly assessed fees or charges. No dues, fees or other charges already paid will be refundable on termination.

12. GENERAL MEETINGS

12.1 The Directors shall convene in each calendar year a general meeting designated as the annual general meeting, to be held at such date, time and place as the Directors may determine and not more than 15 months shall elapse between the date of one annual general meeting 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 business of the annual general meeting shall include (but not be limited to):

- (a) the election of Directors;
- (b) the election of Auditors;
- (c) changes to the articles of association (if any) by special resolution;
- (d) the adoption of and changes to the Bettercoal Code by special resolution;
- (e) the receipt of the financial statements;
- (f) the approval of membership dues;
- (g) such other purposes as the Directors determine.

12.2 The Directors may, whenever they think fit, convene a general meeting. General meetings shall also be convened on the request of members in accordance with section 303 of the Companies Act 2006.

13. NOTICE OF GENERAL MEETINGS

13.1 General meetings (including annual general meetings) shall be called by at least 14 clear days' notice in writing but any general meeting other than an annual general meeting may be called by shorter notice if it is so agreed by a majority in number of the members having a right to attend and vote being a majority together holding not less than 90 per cent of the total voting rights at that meeting of all the members.

- 13.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted.
- 13.3 (a) Every notice convening a general meeting of the Company must comply with the provisions of:-
- (i) section 311 of the Companies Act 2006 as to the provision of information regarding the time, date and place of the meeting and the general nature of the business to be dealt with at the meeting; and
 - (ii) section 325(1) of the Companies Act 2006 as to the giving of information to members regarding their right to appoint proxies.
- (b) Every notice of, or other communication relating to, any general meeting which any member is entitled to receive must be sent to each of the Directors and to the auditors (if any) for the time being of the Company.
- 13.4 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.

14. QUORUM AT GENERAL MEETINGS

- 14.1 A member may be present by proxy or authorised representative.
- 14.2 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as otherwise provided in these Articles, one-third of the total number of Regular Members shall be a quorum.
- 14.3 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened at the request of the members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Directors may determine. The quorum at any adjourned meeting shall be three Regular Members or one tenth of the total number of Regular Members whichever is the greater.

15. CHAIRING OF GENERAL MEETINGS

- 15.1 The Chairman or if there is no Chairman, or if he is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act, the Vice-Chairman, shall preside as chairman at every general meeting of the Company. If neither the Chairman nor the Vice-Chairman is present within 15 minutes after the time appointed for the holding of the meeting or is willing to act, the Directors present shall elect one of their number to be chairman of the meeting. If at any meeting no Director is willing to act as chairman of the meeting or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members of the Company present shall choose one of them to be chairman of the meeting.

16. ADJOURNMENT OF GENERAL MEETINGS

- 16.1 The chairman of the meeting may, with the consent of any meeting at which a quorum is present (and shall if directed by the meeting to do so), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

17. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

- 17.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 17.2 A person is able to exercise the right to vote at a general meeting when:
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 17.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it and to enable the votes of those persons to be counted, whether voting is conducted by show of hands or by poll and whether or not such persons are in the same place as each other.
- 17.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 17.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that they can exercise their rights to speak and vote at that meeting.

18. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS BY DIRECTORS WHO ARE NOT MEMBERS

- 18.1 Directors may attend and speak at general meetings, whether or not they are members.

19. VOTING AT GENERAL MEETINGS

- 19.1 Save as provided in Article 11.2(b) and Article 19.2, every Regular member shall have one vote on each resolution put to the vote at the meeting, which may be exercised in person or by proxy or, in the case of a member that is a corporate body, by its proxy or its authorised representative. Associate members have no right to vote at any general meeting.
- 19.2 No member shall be entitled to vote at any general meeting unless all moneys presently payable by him to the Company have been paid.
- 19.3 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.
- 19.4 All decisions shall be taken by ordinary resolution agreed by a simple majority of members present and voting except where a special resolution is required by these Articles of Association or law when the agreement of a majority of 75 percent of members present and voting is required.

20. POLL VOTES

- 20.1 A poll on a resolution may be demanded:
- (a) in advance of the general meeting where it is to be put to the vote; or

- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 20.2 A poll may be demanded by:
- (a) the chairman of the meeting; or
 - (b) two or more persons having the right to vote on the resolution; or
 - (c) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.
- 20.3 A demand for a poll may be withdrawn if:
- (a) the poll has not yet been taken; and
 - (b) the chairman of the meeting consents to the withdrawal.
- 20.4 Polls must be taken in such manner as the chairman of the meeting directs.

21. APPOINTMENT OF PROXIES AND PROXY NOTICES

- 21.1 Any member of the Company entitled to attend a general meeting shall be entitled to appoint another person (whether a member or not) as his proxy to attend instead of him and any proxy so appointed shall have the same rights as the member who appointed him to speak, vote (whatever the voting method), join in the demand for a poll and otherwise participate in the meeting. A member who chooses to make such an appointment remains entitled to attend, speak, vote (if he is a Regular member) and otherwise participate in the meeting if he decides to do so. If the member who appointed the proxy does attend, that proxy's authority to participate in and, if applicable, vote at the meeting is terminated.
- 21.2 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:
- (a) states the name and address of the member appointing the proxy;
 - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the Directors may determine; and
 - (d) is delivered to the Company in accordance with these Articles and any instructions contained in the notice of the general meeting to which the proxy notice relates.
- 21.3 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 21.4 A proxy notice given by or on behalf of a Regular member may, but does not have to, specify how the proxy appointed under it is to vote (or that the proxy is to abstain from voting) on one or more resolutions. Unless such a proxy notice indicates otherwise, it must be treated as:
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any resolutions put to the meeting; and
 - (b) appointing that person as a proxy in relation to any adjournment of the meeting to which it relates as well as the meeting itself.

- 21.5 A proxy notice shall be delivered by such date as the Company may have specified in the notice of the meeting (provided that the date may not be more than 48 hours before the date of the meeting).
- 21.6 A proxy appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the member on whose behalf the proxy was appointed. The revocation is effective if delivered before the start of the meeting or any adjourned meeting to which it relates.
- 21.7 A proxy notice or revocation not executed by the member appointing the proxy must be accompanied by written evidence of the authority of the person who executed it to do so on behalf of the appointing member.

22. CORPORATE REPRESENTATIVES

22.1 Any corporate body which is a member of the Company may appoint such person as it thinks fit to act as its representative at any meeting of the Company. Every appointment of a corporate representative under the powers conferred upon a member by this Article shall take the form of:-

- (a) a document in hard copy form signed by the chief executive officer or any other person duly authorised to make such an appointment on behalf of the appointing member; or
- (b) a document in electronic form authenticated in accordance with the provisions of section 1146 of the Companies Act 2006 by the chief executive officer, or any other person duly authorised to make such an appointment, on behalf of the appointing member, sent by electronic means to an address that the Company has specified to the members for this purpose;

such document to be delivered to the Company not less than 48 hours before the commencement of the meeting for which it is made.

22.2 Every person so appointed shall be entitled to exercise the same powers on behalf of the corporate body which he represents as that corporate body could exercise if it were an individual member of the Company.

23. DIRECTORS AND OFFICERS

23.1 The maximum number of Directors shall be twelve and the minimum number of Directors shall be six.

23.2 The first Directors shall be those persons appointed as Directors of the Company on its incorporation. Each of the first Directors shall be deemed to be a Founder-Appointed Director.

23.3 Notwithstanding any other provisions of these Articles no person shall be appointed or re-appointed as a Director of the Company unless he is an employee of a Regular member or Founding member or of any company that is an affiliated company of a Regular member or Founding member. A director shall be appointed for a three-year term of office.

23.4 From the date of incorporation until the 2015 AGM each of the Founding members shall be entitled to appoint any person who is an employee of it to hold office as a Director, provided that not more than one Founder-Appointed Director appointed or deemed to have been appointed by each Founding Member shall hold office at any one time.

23.5 Every appointment of a Founder-Appointed Director under the powers conferred upon a Founding member by Article 23.4 shall take the form of:

- (a) a document in hard copy form signed by the chief executive officer or any other person duly authorised to make such an appointment on behalf of the Founding member; or
- (b) a document in electronic form authenticated in accordance with the provisions of section 1146 of the Companies Act 2006 by the chief executive officer, or any other person duly authorised to make such an appointment, on behalf of the Founding member, sent by electronic means to an address that the Company has specified to the Founding members for this purpose;

such document to be delivered to the Company and to take effect from the date of service of the document on the Company or on such later date as may be specified in the document. A copy of every such document shall be annexed to the Directors' minute book as soon as practicable after receipt by the Company.

23.6 At the 2015 AGM:

- (a) four of the Founder-Appointed Directors selected in accordance with Article 23.7 shall remain in office;
- (b) the three remaining Founder-Appointed Directors shall retire (but may offer themselves for re-election by the Regular members at the 2015 AGM in accordance with Article 23.9);
- (c) at least two Directors shall be appointed by the Regular members in accordance with Article 23.9.

23.7 The four Founder-Appointed Directors specified in Article 23.6(a) shall be selected by secret ballot of the Founder Members at the 2015 AGM. The Board shall appoint any two persons other than themselves as scrutineers to supervise the secret ballot. Ballot papers specifying the names of all the Founder-Appointed Directors and such other information as the Board may decide shall be prepared and circulated to the Founder members not less than 14 days before the 2015 AGM. The Founder members shall each vote for the four Founder-Appointed Directors they wish to remain in office after the 2015 AGM and shall deliver their completed ballot papers to the scrutineers not later than the commencement of the 2015 AGM. Any ballot papers not properly completed or returned by the specified date and time shall be invalid. The votes shall be counted at the 2015 AGM by the appointed scrutineers only. The four Founder-Appointed Directors receiving the highest number of votes shall continue in office in accordance with these Articles. In the event that two or more Founder-Appointed Directors receive an equal number of votes rendering it necessary to decide which of them shall continue in office, the Director or Directors to continue in office shall be decided by lot and such lot shall be drawn in such manner as the scrutineers think fit.

23.8 Those Founder-Appointed Directors who do not retire at the 2015 AGM shall continue in office until the 2018 AGM, at which meeting they shall retire (but may offer themselves for re-election by the Regular members at that meeting in accordance with Article 23.9).

23.9 Subject to Article 23.10, the Company may by ordinary resolution of the Regular members at an annual meeting or otherwise appoint or reappoint a person who is not disqualified from directorship of a company and who is willing to act to be a Director either to fill a vacancy or as an additional Director provided that:

- (a) the total number of Directors shall not at any time exceed the maximum number specified in these Articles; and
- (b) no Director shall be reappointed who has already held two consecutive three-year terms of office.

23.10 No person shall be eligible for appointment or reappointment to the office of Director at any general meeting unless not less than 3 nor more than 21 days before the date fixed for the meeting there has been left at the registered office of the Company notice in writing, signed by a Regular member whose dues to the Company are fully paid up to date and which is duly qualified to attend and vote at the meeting for which such notice is given, of its intention to propose such person for appointment or reappointment (as the case may be), and also notice in writing signed by that person of his willingness to be appointed or reappointed.

23.11 The Directors may at any time, and from time to time, appoint any person who is not disqualified from Directorship to be a Director, to fill a casual vacancy provided that the total number of Directors shall not at any time exceed the maximum number specified in these Articles. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for reappointment in accordance with these Articles. The period between such Director's date of first appointment and the date of the next annual general meeting shall not be counted in determining his three-year term of office.

24. TERMINATION OF OFFICE OF DIRECTOR

24.1 A Director shall cease to hold office if:

- (a) he resigns;
- (b) he dies;
- (c) he is adjudicated bankrupt;
- (d) he ceases to be an employee of a Regular member or Founding member or of any company that is an affiliated company of a Regular member or Founding member;
- (e) he is disqualified from being a Director of a company by virtue of any provision of law;
- (f) 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 mental health legislation for the time being in force in any part of the United Kingdom; 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 which wholly or partly prevents that person from personally exercising any powers or rights which that person otherwise would have; or
- (g) the Founding member by whom he was appointed or deemed to have been appointed (in the case of a Founder-Appointed Director) or the Regular member that proposed him for appointment (in the case of a Regular member) ceases to be a member of the Company for any reason.

25. CHAIRMAN AND VICE-CHAIRMAN

25.1 The Directors shall appoint one of the Directors as Chairman of the board of Directors and a second Director as Vice-Chairman. These appointments may be for an annual or other fixed term or for an indefinite period. A current appointment may be ended by the Directors and they may fill any vacancy that arises. A serving Chairman or Vice-Chairman may resign from such office, whether or not he is also resigning as a Director but if the serving Chairman or Vice-Chairman ceases to be a Director he shall

automatically cease to hold the office of Chairman or Vice-Chairman (as the case may be).

26. SECRETARY

26.1 The Directors may appoint a secretary for such term, at such remuneration and upon such conditions as the Directors think fit. A current appointment may be ended by the Directors at any time and they may fill any vacancy that arises.

27. SECRETARIAT AND EXECUTIVE DIRECTOR

27.1 The Directors may employ staff to form a Secretariat to fulfill such activities as are decided from time to time by the Directors.

27.2 The Directors may appoint an Executive Director for such term, at such remuneration and upon such conditions as the Directors think fit. The Executive Director shall be responsible for implementing the strategy and policies of the Company as decided by the Directors. He shall also lead the activities of the Secretariat and undertake such other duties and responsibilities as the Directors may decide from time to time. A current appointment may be ended by the Directors at any time and they may fill any vacancy that arises.

28. ALTERNATE DIRECTORS

28.1 (a) Any Director (the "appointor") may appoint as an alternate any other person who is an officer or employee of the Regular member that nominated the appointor, to:-

- (i) exercise that Director's powers; and
- (ii) carry out that Director's responsibilities,

in relation to the taking of decisions by the Directors in the absence of the alternate's appointor.

(b) Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the Directors. The notice must:-

- (i) identify the proposed alternate; and
- (ii) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of his appointor.

28.2 (a) An alternate Director has the same rights to participate in any Directors' meeting or decision of the Directors reached in accordance with Article 33, as the alternate's appointor.

(b) Except as these Articles specify otherwise, alternate Directors:-

- (i) are deemed for all purposes to be Directors;
- (ii) are liable for their own acts or omissions;
- (iii) are subject to the same restrictions as their appointors; and
- (iv) are not deemed to be agents of or for their appointors.

(c) A person who is an alternate Director but not a Director:-

- (i) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating); and
- (ii) may sign or otherwise signify his agreement in writing to a written resolution in accordance with Article 33 (but only if that person's appointor has not signed or otherwise signified his agreement to such written resolution).

No alternate may be counted as more than one Director for such purposes.

- (d) An alternate Director is not entitled to receive any remuneration from the Company for serving as an alternate Director except such part of the remuneration payable to that alternate's appointor as the appointor may direct by notice in writing made to the Company.

28.3 An alternate Director's appointment as an alternate terminates:-

- (a) when his appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor would result in the termination of the appointor's office as Director;
- (c) on the death of his appointor; or
- (d) when his appointor's appointment as a Director terminates.

29. FINANCIAL CONTROLS

29.1 The Directors have control over the Company and its funds and assets. There shall be such financial controls and procedures for the Company as may be specified by the Directors from time to time. All transactions on the bank accounts of the Company shall be authorised as the Directors may from time to time decide.

30. DIRECTORS MAY DELEGATE

30.1 Subject to these Articles, the Directors may delegate any functions and any of the powers which are conferred on them under these articles or otherwise (but not the office of Director) to committees consisting of one or more Directors provided that:

- (a) a committee shall not have any expenditure authority unless authorised by the Directors; and
- (b) a committee must adhere to any budget set for it by the Directors and observe any financial controls and procedures the Directors think fit.

30.2 Without limitation to the provisions of Article 30.1, the Directors shall establish an Executive Committee, a Standards Committee and a Membership Committee.

30.3 The Directors shall authorise the terms of reference of committees and may alter them from time to time.

30.4 The Directors may specify procedures for committees, otherwise the procedures for the Board shall be followed by committees.

30.5 Committees shall report to the Directors at such times and in such manner as the Directors may require.

31. WORKING GROUPS

- 31.1 The Directors may set up such working groups consisting of such persons (including, without limitation, Regular members and Associate members) as they think fit and shall ensure that the members of such working groups are bound by the terms of such rules or byelaws of the Company for the time being in force as are applicable to such working groups.
- 31.2 A working group shall not be deemed to be a committee of the Directors, nor shall a member of a working group be, or be deemed to be, a Director (unless appointed as such in accordance with these Articles) for any of the purposes of these Articles or for any of the purposes of the Companies Act 2006.

32. ADVISORY PANELS

- 32.1 The Directors may set up one or more advisory panels, composed of individuals from civil society including but not limited to workers' organizations, non-governmental organizations and academic experts, representing social, economic and environmental interests and/or representatives of companies engaged in coal extraction and beneficiation. No Regular member of this Company shall be entitled to be a member of an advisory panel.
- 32.2 The purpose of the advisory panels shall be to advise the Board of Directors by providing recommendations on the implementation of Bettercoal's vision and mission. The Board of Directors shall consult the advisory panels on matters not limited to the modification of the Bettercoal Code.
- 32.3 The Directors shall ensure that the members of such advisory panels are bound by the terms of such rules or byelaws of the Company for the time being in force as are applicable to such advisory panels.
- 32.4 An advisory panel shall not be deemed to be a committee of the Directors, nor shall a member of an advisory panel be, or be deemed to be, a Director for any of the purposes of these Articles or for any of the purposes of the Companies Act 2006.

33. DIRECTORS' DECISIONS

- 33.1 Directors may make decisions:-
- (a) by majority vote at a Directors' meeting; or
 - (b) by unanimous written resolution, where each Director who would have been eligible to vote on the matter at a meeting has signed one or more copies of such written resolution.

34. DIRECTORS' MEETINGS

- 34.1 The Directors may determine how often, when and where Directors' meetings may be held, provided that at least two Directors' meetings shall be held in each calendar year. They may also determine the rules for the conduct of such meetings to the extent that these Articles do not otherwise provide.
- 34.2 Notice of a Directors' meeting shall be given to every Director in such form and with such content as the Directors may decide.
- 34.3 The quorum for a Directors' meeting shall be a simple majority of the Directors holding office at the time of the meeting.
- 34.4 A Director may participate in a Directors' meeting by electronic communication provided that:

- (a) the Directors have agreed (for a specific meeting or for meetings of the Directors in general); and
- (b) all Directors participating in the meeting can communicate to the others any information or opinions they have on any items of business and can vote and their vote be known and recorded; and
- (c) any other rules for such participation made by the Directors are observed.

35. CHAIRING OF DIRECTORS' MEETINGS

- 35.1 The Chairman of the Board of Directors meeting or of any general meeting shall not have a casting vote.

36. CONFLICTS OF INTEREST

- 36.1 Subject to Article 36.2, notwithstanding the fact that a proposed decision of the directors concerns or relates to any matter in which a director has, or may have, directly or indirectly, any kind of interest whatsoever, that director may participate in the decision-making process for both quorum and voting purposes.

- 36.2 If the directors propose to exercise their power under section 175(4)(b) of the Companies Act 2006 to authorise a director's conflict of interest, the director facing the conflict is not to be counted as participating in the decision to authorise the conflict for quorum or voting purposes.

- 36.3 Subject to the provisions of the Companies Act 2006, and provided that (if required to do so by the said Act) he has declared to the directors the nature and extent of any direct or indirect interest of his, a director, notwithstanding his office:-

- (a) may be a party to or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer or an employee of, or a party to any transaction or arrangement with, or otherwise interested in, any subsidiary of the Company or body corporate in which the Company is interested; and
- (c) is not accountable to the Company for any remuneration or other benefits which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no transaction or arrangement is liable to be avoided on the ground of any such remuneration, benefit or interest.

37. RECORDS OF DIRECTORS' DECISIONS

- 37.1 The Directors shall ensure records are made of their decisions and kept for at least 10 years in accordance with the Companies Act 2006.

38. DIRECTORS' REMUNERATION

- 38.1 Directors shall not be remunerated or otherwise paid for being directors.
- 38.2 Directors may nevertheless receive any fees, payments or other remuneration for providing any other specific services to the company provided the Board of Directors has deliberated and decided that such remuneration should be paid and the appropriate amount for such specific services.

39. DIRECTORS' EXPENSES

39.1 The Company may pay any reasonable expenses which the directors and/or any alternate directors properly incur in connection with their attendance at:

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

40. RECORDS, RETURNS, ACCOUNTING AND REPORTING

40.1 Records of general meetings and of all resolutions of the members, whether passed at meetings or as written resolutions, shall be made and kept for at least ten years in accordance with the applicable provisions of the Companies Act 2006.

40.2 The Company shall make a company annual return to the Registrar of Companies each year as required by the Companies Act 2006 and applicable associated regulations.

40.3 The Company shall keep day to day accounting records as required by the Companies Act 2006 and applicable associated regulations.

40.4 Annual accounts and reports shall be prepared and approved by the Directors as required by the Companies Act 2006, and applicable associated regulations.

40.5 An auditor or auditors shall be appointed for each financial year of the Company. Subject to the provisions of section 485 of the Companies Act 2006, the auditor or auditors shall be appointed or reappointed at the annual general meeting in each year.

40.6 Copies of the annual accounts and reports shall be circulated to the members of the Company and any other persons entitled to receive copies under the provisions of the Companies Act 2006.

40.7 The annual accounts and reports shall be filed with the Registrar of Companies, and, within nine months of the end of the financial year.

41. MEANS OF COMMUNICATION TO BE USED

41.1 Subject to the provisions of these Articles, anything sent or supplied by or to the Company under these Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company. Subject to the provisions of the Companies Act 2006, a document or information may be sent or supplied by the Company to a person by being made available on a website.

41.2 Subject to the provisions of these Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.

41.3 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

42. COMPANY SEAL

- 42.1 The Directors shall decide whether the Company adopts a seal. If it does adopt a seal it may only be used by the authority of the Directors or a committee of the Directors.
- 42.2 Unless otherwise decided by the directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by:-
- (a) one authorised person in the presence of a witness who attests the signature; or
 - (b) two authorised persons.
- 42.3 For the purposes of this Article 42, an authorised person is:
- (a) any Director of the Company; or
 - (b) the secretary of the Company (if any); or
 - (c) any person authorised by the Directors for the purpose of signing either a specific document, or documents in general, to which the seal is applied.

43. NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

- 43.1 Except as provided by law or authorised by the Directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a member.

44. DIRECTORS' INDEMNITY

- 44.1 Subject to the next following article, a relevant Director of the Company or an affiliated company may be indemnified out of the Company's assets against:
- (a) any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an affiliated company;
 - (b) any liability incurred by that Director in connection with the activities of the Company or an affiliated company in its capacity as a Director of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006);
 - (c) any other liability incurred by that Director as an officer of the Company or an affiliated company.
- 44.2 These Articles do not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act 2006 or by any other provision of law.
- 44.3 For the purposes of this Article 44:
- (a) companies are affiliated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
 - (b) a "relevant Director" means any Director or former Director of the Company or an affiliated company.

45. INSURANCE FOR DIRECTORS

- 45.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss. In this Article:

- (a) a “relevant Director” means any Director or former Director of the Company or an affiliated company;
- (b) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director’s duties or powers in relation to the Company, any affiliated company or any pension fund of the Company or affiliated company; and
- (c) companies are affiliated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

46. RULES AND BYELAWS

- 46.1 Any rules or byelaws must be in accordance with any provisions of the Companies Act 2006 applicable to the Company and shall be supplementary but subsidiary to the provisions of these Articles. Any compulsory requirements of that Act and the provisions of these Articles shall always take precedence over any provision in any rules or byelaws that in any way conflicts or is inconsistent with those requirements or provisions.
- 46.2 Subject to the preceding Article, the Directors may make such rules and byelaws to deal with any matters they consider appropriate in relation to the Company. Any rules or byelaws of the Company and any alterations or revocations of them shall be notified to the members by such means as the Directors decide. All Directors and all members of the Company shall be bound by and observe the provisions and requirements of any such rules or byelaws as are in force from time to time.
- 46.3 Without prejudice to the generality of the Directors’ powers under the preceding article, any rules or byelaws may deal with all or any of these matters:
- (a) membership admission fees and annual membership subscriptions (if there are any) and the terms of payment and due dates for payment, as well as the procedures in the event of non-payment;
 - (b) procedures relating to Directors’ meetings, meetings of committees and general meetings of the members of the Company;
 - (c) the rights and responsibilities of members and their conduct, to the extent that those are not dealt with in these Articles, provided that:
 - (i) no differences between classes of members in relation to rights to attend, vote and speak at general meetings may be made other than by provisions in the Articles;
 - (ii) the limited liability of members and their guarantee to contribute to the assets of the Company in the event of its being wound up shall be as set out in these Articles and cannot be altered or varied by any rule or byelaw.
- 46.4 Any rules or byelaws may be altered or revoked by decision of the Directors or by ordinary resolution at a general meeting of the Company.

47. RESTRICTIONS ON APPLICATION OF PROPERTY AND DISTRIBUTIONS

- 47.1 The income and property of the Company shall be applied solely towards the promotion of its objects as set out in Article 1 and no part of such property and income may be or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit, to members of the Company.
- 47.2 Nothing in this Article 47 prevents any payment in good faith by the Company:-

- (a) of reasonable remuneration (subject to Article 38.1) to any member who is an officer or employee of the Company or who otherwise provides any services to the Company;
- (b) of interest on money lent by any member of the Company at a reasonable and proper rate per annum to be decided by the directors;
- (c) of reasonable rent for premises demised or let by any member of the Company;
- (d) of fees, remuneration or other benefit in money or money's worth to any company of which a member may also be a member holding not more than 1% of the issued share capital of that company;
- (e) to any director (or alternate director) of expenses under Article 39; or
- (f) of any premium in respect of any such insurance as is permitted by Article 45.

48. WINDING UP

48.1 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 generally, but shall be given or transferred to:

- (a) a 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 to an extent at least as great as is imposed on the Company by virtue of this Article 47;
- (b) if and so far as effect cannot be given to the provisions of paragraph (a), then to a body or bodies the objects of which are the promotion of charity and anything incidental or conducive thereto;

such body or bodies to be determined by the members of the Company at or before the time of dissolution (whether or not a recipient body is a member of the Company).