
**CCR ENERGY LIMITED
GOVERNANCE POLICY**

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1. INTRODUCTION

- 1.1 This document is the Governance Policy of **CCR ENERGY LIMITED** (registered number: 13951868) of Aberthaw Power Station, The Leys, Aberthaw, Barry, CF62 4ZW (the "**Company**").
- 1.2 The Company has been established by the Councils in connection with the acquisition of the former Aberthaw Power Station site (the "**Site**") and the subsequent demolition, remediation, masterplanning and ultimate redevelopment of the Site into an exemplar green energy generation park that is anticipated to include a tidal energy scheme; solar farm; on and offshore wind farms; battery storage; and a data centre (the "**Project**").
- 1.3 The Company will act as the master developer and delivery vehicle for the Project including, amongst other matters, the implementation of the masterplan for the Site (the "**Business**").
- 1.4 This policy regulates the governance, operation and management of the Company and the relationship between it (and any Company Subsidiary), the CJC and the Councils (as defined in Schedule 1).
- 1.5 In this Governance Policy, except where defined in the main body, words shall have the meanings as set out in Schedule 1.
- 1.6 If there is any conflict between the provisions of this Governance Policy and the provisions of the Articles, then during the period that this Governance Policy applies, the provisions of this Governance Policy shall prevail.

2. BUSINESS OF THE COMPANY AND DECISION MAKING

2.1 Decision Making

- 2.1.1 The Company has identified the following four (4) categories of decision to be taken by the Company in relation to the carrying out of the Business and the means by which they will be taken:-

- (a) "**Management Team Matter**" being certain day-to-day operational matters relating to the Business which have been delegated by the Board for the Management Team's decision;
- (b) "**Board Matter**" being the day-to-day management and operational matters relating to the Business in which the Board will be able to make a decision and have the power to bind the Company in doing so;
- (c) "**CJC Matter**" being certain key decisions relating to the Business which have been reserved to the CJC,

and, in each case, as more particularly identified in clauses 8 and 9, and as such matters are identified in Schedule 3 (Delegations Policy).

- 2.1.2 The Company shall also establish the Strategic Steering Group in accordance with the provisions of Clause 8.9 to provide assistance to the Board in making decisions.

- 2.2 Where there is any ambiguity, uncertainty or inconsistency in relation to how any decision of the Company is to be properly made (in relation to whether it should properly be made by the Management Team, the Board, the CJC or otherwise), the matter shall first be referred to the CJC for determination.

3. OBJECTIVES

- 3.1 The objectives of the Company are to:-

- 3.1.1 redevelop the Site into an exemplar green energy park;

- 3.1.2 support UK and Welsh Government net zero objectives and accelerate CJC's progress towards its decarbonisation targets;
- 3.1.3 encourage local development of renewable energy projects, maximising green energy infrastructure in the region;
- 3.1.4 create thousands of high skilled jobs, training and development opportunities in key industries of the future;
- 3.1.5 stimulate co-investment and inward economic investment into the region;
- 3.1.6 increase GVA by supporting high growth productivity and focussed on climate; and
- 3.1.7 generate an appropriate commercial return,

together the "**Company Objectives**".

4. BUSINESS PLAN AND PROGRESS MONITORING

- 4.1 The first Business Plan shall be prepared by the Board and submitted to the CJC for approval (in accordance with Schedule 3 (Delegations Policy)). Following approval by the CJC, the Business Plan shall be formally adopted by the Company and shall remain in place until the Business Plan is updated in accordance with this Clause 4.

4.2 Annual updating of Business Plans

The Business Plan shall be updated in accordance with this Clause 4.2:-

- 4.2.1 The Directors of the Company shall review the Business Plan on an annual basis and determine whether any changes are required. If the Board decides that any such changes are required, then by not later than one (1) month before the end of the relevant Accounting Period, the Board shall prepare (or procure the preparation of), finalise, agree and submit to the CJC an updated Business Plan for approval in accordance with the Delegations Policy.
- 4.2.2 Following approval of the updated Business Plan in accordance with Clause 4.2.1 above, the Business Plan shall be formally adopted by the Company in the form approved.

4.3 Ad-hoc updating of Business Plans

In addition to the annual updating of each Business Plan in accordance with Clause 4.2, the Board shall keep the relevant adopted Business Plan under regular review and shall be entitled to make ad-hoc updates to the relevant Business Plan as required from time to time, provided always that any updates are approved in accordance with the Delegations Policy.

4.4 Adoption of Business Plans

- 4.4.1 Following the requisite approval of an amended or updated Business Plan having been received in accordance with this Clause 4 and the Delegations Policy, such amended or updated Business Plan shall become the Business Plan of the Company. For any period when an amended or revised Business Plan has not been approved in accordance with the Delegations Policy, the relevant existing Business Plan shall continue to be the Business Plan of the Company.
- 4.4.2 For the avoidance of doubt, no adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has received consent in accordance with the Delegations Policy.

4.5 **Budget**

- 4.5.1 The Budget of the Company shall be approved by the Company as part of the adoption of the Business Plan pursuant to Clause 4.1 above and shall be drawn down from the CJC Loan in accordance with Clause 6.1 (CJC Loan) of this Governance Policy.
- 4.5.2 The Budget shall be reviewed by the Board annually as part of the process for updating the Business Plan pursuant to Clause 4.2 above. Any increase in or change to the Budget shall form part of the process for approving the Business Plan and shall require CJC approval in accordance with Clause 4.2 above.

4.6 **Progress Monitoring**

- 4.6.1 Progress against the Business Plan shall be regularly reviewed at the Board meetings called in accordance with Clause 8.10 (Meetings of the Board).
- 4.6.2 If, at any Board meeting convened under Clause 8.10 (Meetings of the Board) any Director, in their reasonable opinion, believes that there has been a material failure of the Company to comply with the Business Plan, the Board shall discuss appropriate action to immediately rectify the relevant failure and/or mitigate the effects of such failure as far as possible.
- 4.6.3 Any material variation to the Business Plan shall be effective only if approved by the CJC as a CJC Matter.

5. **CAPITAL**

- 5.1 The Company was incorporated on 3 March 2022 with one (1) ordinary Share of £1.00 allotted.
- 5.2 The Company may finance its funding requirements through:-
 - 5.2.1 debt finance (pursuant to CJC Loan Notes, third party debt finance or otherwise); or
 - 5.2.2 Capital Contributions having regard in each case to the Gearing Ratio when deciding the appropriate funding transaction for the Company.
- 5.3 The CJC shall not be required or entitled to provide any additional Capital Contribution to the Company unless otherwise agreed in writing by the CJC.
- 5.4 No interest shall be payable on a Capital Contribution.

6. **LOAN NOTES AND LOAN COMMITMENTS**

6.1 **CJC Loan**

- 6.1.1 Subject to Clause 6.1.2, the CJC shall provide the CJC Loan to the Company in accordance with the provisions of the CJC Loan Note Instrument and this Governance Policy as follows:-
 - (a) the CJC shall from time to time on receipt of a CJC Loan Drawdown Notice submitted (as far as practicable) in accordance with the timescales set out in the CJC Loan Drawdown Profile make available to the Company the amount stated in the CJC Loan Drawdown Notice;
 - (b) the CJC shall transfer the relevant amount (referred to in Clause 6.1.1(a)) in cleared funds to the Bank Account of the Company by the date set out in the relevant CJC Loan Drawdown Notice; and
 - (c) in consideration of the advance by the CJC to the Company of the CJC Loan pursuant to this Clause 6.1, the Company shall issue to the CJC such amount of

CJC Loan Notes as is equal to the amount of the CJC Loan stated in the relevant CJC Loan Drawdown Notice.

- 6.1.2 The CJC shall have no obligation to contribute any monies pursuant to a relevant CJC Loan Drawdown Notice until the CJC is in receipt of the equivalent sum pursuant to the terms of the Joint Working Agreement or any arrangements replacing the Joint Working Agreement.

6.2 Interest

The outstanding CJC Loan Notes shall bear interest at the rate prescribed in the CJC Loan Note Instrument and shall be repaid in accordance with Clause 7 (Receipts and Profits).

6.3 Redemption

The CJC Loan Notes shall only be redeemed in accordance with their terms as expressed in the CJC Loan Note Instrument and the provisions of this Governance Policy or with the prior written agreement of the CJC.

6.4 Implications if a Loan commitment is not available

If the CJC does not receive any or all of the equivalent sum referred to in Clause 6.1.2 or such sum is not available to be drawn down for any reason and this creates a funding deficit in any year, how such deficit will be managed will be a CJC Matter.

6.5 Land Registry

It is acknowledged and agreed that:-

- 6.5.1 the Company is required to apply to the Land Registry for a restriction to be entered onto the registered title of the Site and such restriction shall confirm that no disposition of the registered estate may be registered on the registered title of the Site without the written consent of the County Council of the City and County of Cardiff (or following assignment of the Security Agreement, the CJC);
- 6.5.2 the Company has granted RWE the option to take a lease of certain land on the Site pursuant to the terms of an option agreement (the "**Option Agreement**") which will be registerable by way of a notice on the registered title of the Site; and
- 6.5.3 if RWE exercises its option pursuant to the Option Agreement, the County Council of the City and County of Cardiff (or following assignment of the Option Agreement, the CJC) shall provide such consent in the form of a short letter to the Land Registry to allow RWE's interest to be registered on the registered title of the Site.

6.6 Further Finance

- 6.6.1 If the Board considers at any time that the Company requires further finance, to include (but not limited to) whether it should seek further finance from the Company's bankers or other financial institutions or from the CJC or otherwise, this shall be a CJC Matter.
- 6.6.2 The Parties agree that should the Company obtain any further finance in accordance with this Clause 6.6, the proceeds of any such financing shall be applied in the order of priority set out in Clause 7 (Receipts and Profits).

7. RECEIPTS

- 7.1 All Receipts received by the Company shall be applied in the following order of priority, on the last Business Day of each calendar month (or such other time(s) as agreed by the Board):-
- 7.1.1 payment of any costs relating to the activities of the Company as are due and payable (to the extent not paid or to be paid from other funding sources);

- 7.1.2 repayment of any third-party senior debt (if any) (plus any interest accrued thereon) as fall due and payable, pursuant to the terms of the relevant facility agreement;
- 7.1.3 repayment of the CJC Loan Notes (plus any interest accrued thereon); and
- 7.1.4 any remaining balance shall be paid into the Bank Account and any profits shall be distributed to the CJC.

8. **CONSTITUTION AND OPERATION OF THE MANAGEMENT TEAM AND BOARD**

8.1 **Management Team**

- 8.1.1 As soon as reasonably practicable, the Board shall establish the Management Team which shall comprise any such individuals as the Board may agree from time to time.
- 8.1.2 The Management Team shall be responsible for certain day-to-day operational matters delegated to it in Schedule 3 (Delegations Policy) of this Governance Policy.
- 8.1.3 The Management Team shall not have the authority to approve any Board Matter or any CJC Matter. The Management Team may refer any function allocated to it to the Board for determination.
- 8.1.4 The Management Team shall meet regularly (and in any event at least monthly) to determine those matters delegated to it by the Board in accordance with this Governance Policy and shall report to the Board regularly (and in any event at least monthly).

8.2 **Role of the Board**

- 8.2.1 Subject to Clause 2.1 (Decision Making) and save to the extent this Governance Policy expressly provides otherwise, the Board shall be responsible for the management and operations of the Company.
- 8.2.2 The Board shall operate in accordance with this Governance Policy, the Articles, the Business Plan and the Company Policies.
- 8.2.3 Any remuneration or expenses reimbursement a Director is entitled to receive from the Company for its services shall be set out in the relevant Director's Letter of Appointment.

8.3 **Constitution of the Board**

- 8.3.1 The Board shall comprise of:-
 - (a) **"Non-executive Directors"** - being directors who are industry experts responsible for scrutiny and oversight of the Business of the Company, pursuant to the terms of their Letter of Appointment but who are not responsible for the day-to-day operation and management of the Company; and
 - (b) **"Executive Directors"** – being directors who are appointed representatives of the CJC and the Councils responsible for the management of the Business of the Company (in accordance with its Business Plan) pursuant to the terms of the Letter of Appointment.
- 8.3.2 The Board of Directors shall have a maximum of eleven (11) Directors appointed to it at any one time which shall comprise of six (6) Executive Directors (one of whom shall be a CJC Director) and up to five (5) Non-executive Directors.
- 8.3.3 Each Non-executive Director shall be appointed for a term of up to two (2) years and thereafter the Company shall be entitled to replace the relevant Non-executive Director or renew the relevant Non-executive Director's appointment for further term(s) of up to two (2)

years until such Non-executive Director is replaced or removed in accordance with Clause 8.6.3 below.

- 8.3.4 The Company and the CJC shall ensure that no Non-executive Director is appointed for more than three (3) consecutive terms.
- 8.3.5 The CJC Director shall be appointed and removed by the CJC by notice in writing to the Company.
- 8.3.6 The Councils shall have the right to appoint up to five (5) Executive Directors (excluding the CJC Director) such appointments rotating between the Councils in such manner as they may agree or, in failure of such agreement in such manner as the CJC may determine. Such Executive Directors shall be appointed for a term of two (2) years and thereafter the Company shall be entitled to replace the relevant Executive Director or renew the relevant Executive Director's appointment for further term(s) of up to three (3) years. Except with the agreement of the CJC, no Executive Director shall serve on the Board for more than five (5) consecutive years.

8.4 **Alternate Directors**

- 8.4.1 The CJC and Councils shall be entitled from time to time to appoint a person as an alternate director to the Board to act as a substitute for any absent Executive Director appointed by it (an "**Alternate Director**").
- 8.4.2 Any appointment or removal of an Alternate Director must be effected by notice in writing to the Company.
- 8.4.3 An Alternate Director shall be entitled to receive notice of all meetings of the Board and to attend, to be counted in quorum and to vote at such meeting which the Director in respect of whom the Alternate Director is substituting is absent and shall generally have the authority to do all such things as the absent Director would be entitled to do in their capacity as Director.
- 8.4.4 Each Alternate Director shall be deemed to have received a copy of their respective Director's Letter of Appointment.
- 8.4.5 The CJC and each Council is entitled to remove or replace any Alternate Director appointed by it and, unless otherwise expressly stated or unless the context requires otherwise, subsequent references in this Governance Policy to a Director shall be interpreted as also referring to any Alternate Director.

8.5 **Chairperson**

- 8.5.1 Unless otherwise determined by the Board, the Board shall have a Chairperson and such position shall be occupied by an Executive Director appointed by a majority of the Directors.
- 8.5.2 Subject to Clause 8.5.3, if the number of votes for and against a proposal at a meeting of the Board are equal, the Chairperson (or other Director chairing the meeting) shall have a casting vote.
- 8.5.3 The Chairperson (or other Director chairing the meeting) shall not have a casting vote if, for any reason, the Chairperson, or other Director, is not entitled to vote on the matter being considered by the Board.
- 8.5.4 The first Chairperson shall be appointed at the first Board meeting and shall occupy this position for a period of twelve (12) months (unless otherwise agreed by the Board from time to time).

- 8.5.5 Subject to the Board determining otherwise, a new Chairperson shall be appointed every twelve (12) months (to take effect on the date which is twelve (12) months after the end of the previous appointment).
- 8.5.6 The Chairperson shall alternate between each Executive Director from time to time (unless otherwise agreed by the Board).

8.6 **Right to Appoint and Remove Directors**

- 8.6.1 Subject to Clauses 8.3.2, 8.3.6, 8.6.2 and 8.6.4, the CJC and each Council is entitled at any time to appoint, replace or remove any Executive Director appointed or intended to be appointed by that person.
- 8.6.2 Any appointment, replacement or removal of an Executive Director shall be effected by notice in writing to the Company signed by or on behalf of CJC or the relevant Council (as the case maybe) and, subject to any contrary intention expressed in the notice, shall take effect from the date and time that the notice is delivered or deemed delivered to the Company.
- 8.6.3 The Board of Directors shall be entitled in accordance with the Articles, to appoint, replace or remove any Director to the Board of Directors of the Company.
- 8.6.4 No appointment of a Director shall be valid unless that person has accepted and signed a Letter of Appointment or such other terms as the Board may agree from time to time.
- 8.6.5 On the removal of a Director, the Board and the CJC shall procure that the Company promptly removes the Director from all the positions they hold in the Company.
- 8.6.6 Notwithstanding any other term of this Governance Policy, the CJC or any Council shall immediately remove an Executive Director appointed by it (by written notice to the Company) if:
- (a) the Director materially fails to comply with their obligations;
 - (b) the Director becomes bankrupt or makes any arrangement or composition with its creditors generally (or any step is taken towards the same);
 - (c) the Director is, or may be, suffering from mental disorder and either:
 - (i) is admitted to hospital under an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, the Mental Health (Scotland) Act 1960; or
 - (ii) an order is made (by a court having jurisdiction) for the Director's detention or for the appointment of a receiver or other person to exercise powers with respect to the Director's property or affairs due to the Director's mental disorder;
 - (d) the Director resigns from office by providing twenty (20) Business Days' written notice to the Company;
 - (e) the Director is convicted of any offence of fraud or dishonesty; or
 - (f) the Director ceases to be employed or engaged by the party it is appointed by,
- and the relevant party shall be deemed to have removed an Executive Director immediately upon the occurrence of the relevant event listed above without notice in writing being given to the Company.

8.7 Board May Delegate

8.7.1 Subject to the terms of the Delegations Policy, the Board may delegate any of the powers which are conferred on them under this Governance Policy (such delegation to be approved only following a unanimous vote of the Board in favour of the delegation):

- (a) to such person, committee or sub-group;
- (b) to such an extent;
- (c) in relation to such matters; and
- (d) on such terms and conditions,

as they think fit.

8.7.2 Any such delegation will automatically authorise further delegation of the Boards' powers by any person to whom they are delegated, unless the Board specifically state otherwise within such delegation of authority.

8.7.3 The Board may revoke any delegation in whole or part or alter its terms and conditions at any time.

8.8 Committees or sub-groups

8.8.1 Committees or sub-groups to which the Board delegates any of its powers must follow procedures which are based as far as they are applicable on those provisions of this Governance Policy which govern the taking of decisions by Board.

8.8.2 The Board may make rules of procedure or terms of reference for all or any such committees or sub-groups.

8.9 Strategic Steering Group

8.9.1 The Board shall establish the Strategic Steering Group in accordance with this Clause 8.9.

8.9.2 The Strategic Steering Group shall comprise:

- (a) Each of the 5 Directors appointed pursuant to Clause 8.3.2;
- (b) A representative from each of the Councils not having Directors appointed pursuant to Clause 8.3.2;
- (c) The chief executive and chief operating officer of the Company (where appointed).

8.9.3 The Strategic Steering Group shall operate in accordance with terms of reference agreed by the Board provided always that the Strategic Steering Group will not be a decision making body for decisions of the Board or the Company.

8.10 Meetings of the Board

8.10.1 At the first Board meeting and annually thereafter the Directors shall agree a programme for Quarterly Board meetings (or, subject to Clause 8.10.3(a), at such other frequency as the Board may otherwise determine) which shall be supplemented with such additional Board meetings as may be required to deal appropriately with the Business of the Company.

- 8.10.2 At least five (5) Business Days' written notice of any proposed Board meeting shall be given to each Director provided that a shorter period of notice may be given with the written approval of each Director. Unless otherwise agreed by each Director, such notice shall specify the date, time and place of the Board meeting and be accompanied by a reasonably detailed agenda of the business to be discussed and documents relating to issues to be considered at the Board meeting. Any matter to be decided at a Board meeting not appearing in the agenda shall not be decided upon unless agreed by all of the Directors entitled to attend and vote at such Board meeting at which the matter not appearing in the agenda is raised.
- 8.10.3 Unless otherwise agreed by the Board:
- (a) subject to Clause 8.10.1, Board meetings shall be held at least four (4) times per year on such dates as they may agree;
 - (b) a telephone conference call or video conference or a combination of the same, at which all participants are able to speak to and hear each of the other participants shall be valid as a Board meeting provided that at all times at that telephone or video conference (or combination as appropriate) a quorum of the Directors is able to so participate;
 - (c) a resolution (which may be in counterparts) in writing (which includes email or other electronic format) signed by all of the Directors entitled to receive notice of and vote at a Board meeting shall be as valid as if it had been passed at a Board meeting duly convened and held in person; and
 - (d) any Director is entitled to convene a Board meeting called in accordance with Clause 8.10.2.
- 8.10.4 Each Director shall be entitled to invite other appropriate third parties to observe Board meetings up to a maximum of two (2) individuals per Director and such representatives and third parties shall be entitled to partake in such Board meeting in a non-voting capacity at the discretion of the Board (save where such third party or representative is an Alternate Director and in attendance in such capacity).

8.11 Quorum

- 8.11.1 Subject to Clause 8.11.2, the quorum for the transaction of business at any meeting of the Board shall be a minimum of three (3) Executive Directors and two (2) Non-executive Directors.
- 8.11.2 Where less than three (3) Executive and/or less than two (2) Non-executive Directors are appointed, the quorum for the transaction at any meeting of the Board shall be a minimum of two (2) Executive Directors.
- 8.11.3 If, at a Board meeting, there is no quorum within thirty (30) minutes following the start time of the meeting or if there ceases to be a quorum at any time when business is to be transacted during the Board meeting, the meeting shall be adjourned and reconvened on the date which is five (5) Business Days after the first meeting or such other period as the Directors may agree. The Board meeting shall continue to be adjourned and reconvened on the date which is five (5) Business Days after each scheduled Board meeting (or such other period as the Directors may agree) until such number of Directors are present in order to comply with the quorum requirements set out at Clause 8.11.1.
- 8.11.4 Where the Company has only one (1) appointed Director, that Director shall be entitled to make decisions that are reserved to the Board of Directors of the Company (in accordance with the Delegations Policy) for so long as they remain the sole Director.

8.12 **Board Decisions**

- 8.12.1 At any quorate Board meeting, each Director shall have one (1) vote and decisions shall be taken by a majority vote.
- 8.12.2 If, at a meeting of the Board, a matter is not determined pursuant to Clause 8.12.1 (Board Decisions) above, that matter ("**Unresolved Board Matter**") shall be deferred for consideration at the next Board meeting which shall be convened within ten (10) Business Days of that meeting. If at the reconvened Board meeting the Unresolved Board Matter is not determined, the Unresolved Board Matter shall become a CJC Matter. Where an Unresolved Board Matter is referred for determination as a CJC Matter and is not approved by the CJC, the Unresolved Board Matter shall not be agreed and shall not be implemented by the Board.

8.13 **Disclosure of Information**

Each Executive Director shall be entitled from time to time to make such disclosure to the party appointing them on the Business of the Company and to disclose such information concerning the Company as they shall reasonably consider appropriate to such person.

9. **CONSTITUTION AND OPERATION OF THE CJC**

9.1 **Role of the CJC**

Subject to Clause 2.1 (Decision Making) and save to the extent this Governance Policy expressly provides otherwise, the CJC shall be responsible for certain key decisions delegated to it by the CJC as set out in Schedule 3 (Delegations Policy) of this Governance Policy.

10. **THE CJC**

10.1 **Delegation**

Subject to the matters reserved to CJC pursuant to the Delegations Policy and save to the extent otherwise expressly provided in this Governance Policy, the CJC have vested the management and operation of the Company in the Board.

11. **MANAGEMENT OF THE COMPANY'S AFFAIRS**

11.1 **Company obligations**

11.1.1 The Company shall:-

- (a) save where the Board resolves otherwise (acting in accordance with this Governance Policy), comply with the Articles;
- (b) comply at all times with the Business Plan and the Company Policies;
- (c) comply with the Companies Act and all other applicable laws, regulations and requirements of any competent jurisdiction or authority affecting the Company, the Business and the content of the Business Plan;
- (d) comply with the terms of this Governance Policy and any other agreements to which it is a party;
- (e) carry on and conduct its business and affairs in a proper and efficient manner and for its own benefit;
- (f) transacts all its business on arm's length terms;

- (g) open a bank account to carry out the Business and, if the Company Board so determines, shall open such further accounts with the Bank as required from time to time (the "**Bank Accounts**" and each a "**Bank Account**");
- (h) not make payment and no cheque or payment instruction of the Company shall be signed other than in accordance with the mandates (general or specific) authorised by the Board from time to time and in accordance with the Delegations Policy;
- (i) act in a manner consistent with the achievement of the Company Objectives;
- (j) if it requires any statutory or third-party approval, consent or licence for the carrying on of the Business in the places and in the manner in which it is from time to time carried on or proposed to be carried on, use all reasonable endeavours to obtain, comply with and maintain the same in full force and effect;
- (k) maintain true and accurate accounts of all transactions in accordance with IFRS, Part 15 of the Companies Act and make available both draft and final copies of such accounts to CJC on reasonable request;
- (l) maintain insurance in accordance with Clause 14 (Insurance);
- (m) take appropriate action (including, without limitation, pursuing legal proceedings) in the event of negligence or material misconduct on the part of any of its contractors, advisors or agents or any third party; and
- (n) document its decision making process and maintain appropriate audit trails for decisions made.

11.2 **Company authority**

Subject always to the provisions of this Governance Policy, the Company shall have full power and authority to carry out all and any of the Company Objectives and do all acts and things which the Company may in its absolute discretion consider necessary or desirable (including, without limitation, executing, delivering and performing all contracts and other undertakings and participating in any activities and transactions) in connection with the Business.

11.3 **Reserved Matters**

The Company agrees, so far as it lawfully may, and the CJC agrees to procure, so far as is within its powers as the CJC or under this Governance Policy, that the Company shall not, unless the Company has received the prior written consent of the CJC in accordance with this Governance Policy, carry out any of the actions or matters designated as a "Matter Reserved to the CJC" in Schedule 3 (Delegations Policy).

12. **COMPANY POLICIES**

In addition to this Governance Policy, the Company shall adopt the Company Policies.

12.1 **Procurement Policy**

The Procurement Policy may be updated by the Company from time to time in accordance with the Delegations Policy (and, in any event, shall be reviewed by the Company at least annually) and the Company shall, at all times, comply with the Procurement Policy when procuring works, goods and/or services and proposing to enter into contractual arrangements in relation to the provision of such works, goods and/or services.

12.2 **Delegations Policy**

The Delegations Policy may be updated by the Company from time to time in accordance with the Delegations Policy and the Company shall, at all times, comply with the Delegations Policy.

12.3 **Conflicts Policy**

The Conflicts Policy may be updated by the Company from time to time in accordance with the Delegations Policy and the Company shall, at all times, comply with the Conflicts Policy.

13. **COMPANY SUBSIDIARIES**

13.1 It is anticipated that separate subsidiary vehicles may be incorporated from time to time in order to deliver certain elements of the Project and, once incorporated, shall form part of the Company Group.

13.2 The Company may decide in accordance with the Delegations Policy to incorporate such subsidiary vehicles as deemed necessary for the operation of the Business and delivery of the Project from time to time.

13.3 Any Company Subsidiary shall be established and governed by the principles set out in the Business Plan (or, to the extent provision is not made within the Business Plan in respect of such Company Subsidiary, any Business Plan adopted by the relevant Company Subsidiary from time to time).

14. **INSURANCE**

14.1 The Company shall take out and maintain with reputable insurers all insurances required to be maintained by law and such other prudent insurances against such risks as are normally insured against by businesses carrying on activities similar to those of the Company (including, but not limited to, an appropriate level of third party liability insurance) and (without prejudice to the generality of the foregoing) shall insure its assets of an insurable nature for their full replacement or reinstatement value. Such insurances shall include (unless otherwise determined by the Board from time to time):

14.1.1 directors and officers insurance;

14.1.2 employers liability insurance;

14.1.3 third party liability insurance;

14.1.4 contractors' all risks insurance;

14.1.5 physical loss and/or damage insurance in respect of any assets on the Site (once developed); and

14.1.6 business interruption insurance cover,

on terms to be determined by the Board from time to time.

15. **FINANCIAL MATTERS AND FINANCIAL INFORMATION**

15.1 The Company shall, in relation to its financial statements, adopt accounting policies and/or principles in accordance with IFRS and shall comply with Part 15 of the Companies Act.

15.2 The CJC shall be entitled to:

15.2.1 examine (and take copies of) at any time upon the provision of reasonable notice all documents, information, records, separate books and accounts of any description held by the Company and shall be allowed reasonable access to the premises of the Company and any employees of the Company for these purposes;

- 15.2.2 upon reasonable prior written notice to the Company, be supplied with all information and documentation it may reasonably request from time to time in relation to the operation and maintenance of the Bank Account(s);
- 15.2.3 be supplied with all information regarding the Business, including (without limitation) Quarterly management accounts and operating statistics and other trading and financial information relating to the Company, in such form as the CJC may reasonably require; and
- 15.2.4 be kept properly informed about the business and affairs of the Company.
- 15.3 The Company shall keep full and proper books of account and make true and complete entries in respect of its dealings and transactions of and in relation to the Business (including in relation to transactions effected through the Bank Account(s)).
- 15.4 The Company shall supply the CJC with the following information:
 - 15.4.1 Quarterly management accounts for the Company forthwith on their completion;
 - 15.4.2 the audited accounts of the Company for each Accounting Period as soon as practicable and, at the latest, by three (3) months after the Accounting Date; and
 - 15.4.3 Quarterly cash flow statements and cash flow forecasts for the Company as soon as practicable and at the latest by four (4) weeks after the end of each Quarter.
- 16. **NOTICES**
 - 16.1 Any notice or other communication to be given under, or in connection with the matters contemplated by, this Governance Policy shall be in writing and shall be served by:-
 - 16.1.1 delivering it by hand or sending it by pre-paid first class post (or air mail if overseas) to the Company at its principal office address from time to time; or
 - 16.1.2 sending it by email to the email address set out in this Clause 16 subject to the original notice or communication being sent by post on the same day in the manner specified above:
 - 16.2 Subject to Clause 16.3, any notice or communication shall be deemed to have been served:-
 - 16.2.1 if delivered personally, when left at the address referred to in Clause 16.1;
 - 16.2.2 if sent by pre-paid first class post (other than air mail), two (2) days after posting it;
 - 16.2.3 if sent by air mail, six (6) days after posting it;
 - 16.2.4 if sent by email (subject to the original notice or communication being sent by post) on the same day in the manner specified in Clause 16.1, provided that no bounce-back is received which indicates that the email address is either wrong or cannot receive messages or is no longer in use (a "**Bounce-back**"). For the avoidance of doubt, an out of office message does not constitute a Bounce-back.
 - 16.3 If a notice is given or deemed given at a time or on a date which is not a Business Day, it shall be deemed to have been given on the next Business Day.
- 17. **AMENDMENTS, WAIVERS AND REMEDIES**
 - 17.1 No amendment or variation of this Governance Policy shall be effective unless it is in writing and signed by or on behalf of the CJC.

SCHEDULE 1

DEFINITIONS

In this Governance Policy, the following words shall have the following meanings:-

"Accounting Date"	means the accounting reference date for the Company being 31 March in each year or such other date as the Board may from time to time agree
"Accounting Period"	means any period of 12 (twelve) calendar months from the day after the Accounting Date up to and including the next Accounting Date
"Articles"	means the articles of association of the Company and as amended from time to time (and any reference to an Article shall be a reference to that article of such articles of association)
"Auditors"	means the auditors of the Company, as determined by the Board from time to time
"Bank"	means such financial institution or bank as determined by the Board from time to time
"Bank Account"	has the meaning given to it in Clause 11.1.1(g) (Company Obligations)
"Board"	means the board of directors of the Company from time to time
"Board Matter"	has the meaning given to it in Clause 2.1 (Decision Making)
"Budget"	means the budget set out in the Business Plan detailing, amongst other things, the CJC Loan required to meet the Project Costs and the day-to-day running costs of the Company
"Business"	has the meaning given to it in Clause 2 (Business of the Company and Decision Making)
"Business Day"	means any day (other than a Saturday, Sunday or a public holiday in England) on which clearing banks in the City of London are open for the transaction of normal sterling banking business
"Business Plan"	means the business plan of the Company as adopted in accordance with Clause 4.1 (Business Plan and Progress Monitoring) the provisions of this Governance Policy and as the same may be varied or updated from time to time in accordance with the provisions of this Governance Policy
"Capital Contribution"	means, any capital contribution made by the CJC to the Company in accordance with Clause 5 (Capital)
"CJC"	means the South East Wales Corporate Joint Committee established pursuant to the Local Government and Elections (Wales) Act 2021
"CJC Director"	means a Director appointed by the CJC in accordance with the provisions of Clause 8.3.5
"CJC Loan"	means the loan to be provided by the CJC (for and on behalf of the Cardiff Capital Region) to the Company for the Project in

	accordance with the Budget and Clause 6 (Loan Notes and Loan Commitments) to finance the Project and the initial working capital requirements of the Company
"CJC Loan Drawdown Notice"	means written notice from the Company calling on the CJC to subscribe for the relevant CJC Loan Notes in the sum and by the date identified in such notice in accordance with the terms of the CJC Loan Note Instrument
"CJC Loan Drawdown Profile"	means the drawdown profile contained in the Business Plan (as amended from time to time in accordance with this Governance Policy) which shall set out the timing and amount of each instalment of the CJC Loan
"CJC Loan Note Instrument"	means the loan note instrument to be in the form set out in Schedule 7 (Form of Loan Note Instrument and Loan Note)
"CJC Loan Notes"	means the loan notes constituted by the CJC Loan Note Instrument
"CJC Matter"	has the meaning given to it in Clause 2.1 (Decision Making)
"CJC Policies"	means any policies of CJC notified to the Company from time to time
"Chairperson"	means the chairperson from time to time of the Board who shall be appointed in accordance with the provisions of Clause 8.5 (Chairperson)
"Companies Act"	means the Companies Act 2006
"Company Group"	means the Company, a Company Subsidiary and any company which is from time to time a holding company of the Company or a Company Subsidiary or a subsidiary or subsidiary undertaking of a Company Subsidiary or of such holding company from time to time
"Company Objectives"	has the meaning given to it in Clause 3 (Objectives)
"Company Policies"	means the policies adopted by the Company from time to time and shall include this Governance Policy, the Conflicts Policy, the Delegations Policy, the Procurement Policy and the CJC Policies
"Company Subsidiary"	means a subsidiary or subsidiary undertaking of the Company from time to time
"Conflicts Policy"	means the policy contained in Schedule 5 (Conflicts Policy) as amended from time to time in accordance with this Governance Policy
"Councils"	means Blaenau Gwent County Borough Council, Bridgend County Borough Council, Caerphilly County Borough Council, the County Council of the City and County of Cardiff, Merthyr Tydfil County Borough Council, Monmouthshire County Council, Newport City Council, Rhondda Cynon Taff County Borough Council, Torfaen County Borough Council and the Vale of Glamorgan Council (or any of them as the context may require)
"Delegations Policy"	means the document contained in Schedule 3 (Delegations Policy) identifying how certain decisions will be made by the Company (as

	amended from time to time in accordance with this Governance Policy)
"Director"	means any Non-executive Director or Executive Director for the time being of the Company (or any Company Subsidiary) appointed by the CJC or Councils pursuant to Clause 8.3 (Constitution of the Board) and, unless otherwise stated, includes their duly appointed alternates and "Directors" shall be construed accordingly
"Executive Director"	has the meaning given to it in Clause 8.3.1(b) (Constitution of the Board)
"Gearing Ratio"	means the debt to equity ratio of the Company
"Governance Policy"	means this policy (including any Schedule or Appendix to it), as amended, varied, supplemented or replaced from time to time in accordance with its terms
"Joint Working Agreement"	means the Joint Working Agreement in place between the Councils and any replacement agreement, arrangement or mechanism that may supersede it or any of its provisions
"Letter of Appointment"	means a letter of appointment of either a Non-executive Director or an Executive Director in the relevant form set out in Schedule 2 (Letter of Appointment)
"Management Team"	has the meaning given to it in Clause 8.1 (Management Team)
"Management Team Matter"	has the meaning given to it in Clause 2.1 (Decision Making)
"Matter Reserved to the CJC"	has the meaning given to it in Clause 11.3 (Reserved Matters)
"Non-executive Director"	has the meaning given to it in Clause 8.3.1(a) (Constitution of the Board)
"Procurement Policy"	means the procurement policy of the Company in the form set out in Schedule 4 (Procurement Policy) to be adhered to by the Company (as amended from time to time in accordance with this Governance Policy)
"Project"	has the meaning given to it in Recital 1.1
"Project Costs"	means the costs payable by the Company in relation to the Project
"Quarter"	means each period from 1 January to 31 March, 1 April to 30 June, 1 July to 30 September or 1 October to 31 December, and "Quarterly" shall be construed accordingly
"Receipt"	means all sums received of whatever nature by the Company from time to time, other than any Capital Contributions, CJC Loans and/or senior debt received by the Company from time to time
"Regulations"	means the Public Contracts Regulations 2015 and any other public procurement legislation applicable from time to time
"RWE"	means RWE Generation UK plc

"Site"	has the meaning given to it in Recital 1.1
"Strategic Steering Group"	means the strategic steering group established pursuant to the provisions of Clauses 2.1.2 (Business of the Company and Decision Making) and 8.9 (Strategic Steering Group)
"Unresolved Board Matter"	means as defined in Clause 8.12.2 (Board Decisions)

SCHEDULE 2

PART 1

LETTER OF APPOINTMENT OF EXECUTIVE DIRECTOR

LETTER OF APPOINTMENT

[Name and address of executive director]

[Date]

Dear []

Terms of your appointment to the board of directors ("the Board") of CCR Energy Limited ("the Company")

This letter contains the main terms which we have discussed and agreed for your appointment as an executive director of the Company ("**Executive Director**") as at the date of this letter. Your appointment is made pursuant to and is subject to the articles of association of the Company (the "**Articles**") and the terms of the CJC governance policy which has been adopted by the Company (the "**CJC Governance Policy**").

By accepting the appointment, you agree that this letter is a contract for services and is not a contract of employment and you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

1. APPOINTMENT

- 1.1 Subject to the remaining provisions of this letter, your appointment is for a term of two years commencing on the date of this letter.
- 1.2 Following the expiry of the initial term your appointment may be renewed for further term(s) in accordance with the CJC Governance Policy (subject to you serving no more than five consecutive years on the Board).
- 1.3 You shall not be entitled to any other fees or remuneration in connection with your appointment to the Board unless expressly agreed in writing.
- 1.4 You shall be expected to attend Board meetings, CJC meetings and meetings of the Company. You shall receive details of all such meetings in advance.
- 1.5 You shall not, whether during the appointment or after its termination, except in the proper course of your duties or as required by law, use or divulge (other than as permitted by the CJC Governance Policy) any trade or business secrets or any information concerning the business or finances of the Company or any Company Subsidiary or of any dealings, transactions, or affairs of such party or any client, customer or supplier thereof which comes to your knowledge during the course of this appointment.
- 1.6 The appointment as an Executive Director shall automatically cease in relation to the Company in the event that:-
 - 1.6.1 you resign as an Executive Director;
 - 1.6.2 upon the lodgement or delivery of a notice from the appointer removing you as an Executive Director;
 - 1.6.3 in any of the circumstances set out in (and in accordance with) Clause 8.6.6 of the CJC Governance Policy (Right to Appoint and Remove Directors); or
 - 1.6.4 your appointment is terminated in accordance with the Articles.

- 1.7 On termination of your appointment as an Executive Director, you agree that you shall promptly return to the Company Board all papers and property of the Company and any Company Subsidiary which are in your possession.

2. ROLE AND DUTIES

- 2.1 The Board as a whole is collectively responsible for the success of the Company. The Board's role is to:
- 2.1.1 provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
 - 2.1.2 set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
 - 2.1.3 set the Company's values and standards and ensure that its obligations to its shareholder and others are understood and met.
- 2.2 You are expected to perform your duties (whether statutory, fiduciary or common law) faithfully, diligently and to a standard commensurate with the functions of your role and your knowledge, skills and experience.
- 2.3 You shall exercise your powers in your role as an Executive Director having regard to relevant obligations under prevailing law and regulation.
- 2.4 Without limitation to the paragraphs above, in signing this letter, you acknowledge and agree that you shall at all times comply with:-
- 2.4.1 the terms of the CJC Governance Policy (a copy of which has been provided to you);
 - 2.4.2 the Articles;
 - 2.4.3 the Delegations Policy;
 - 2.4.4 the Conflicts Policy; and
 - 2.4.5 the Procurement Policy,

each of 2.4.3 to 2.4.5 as set out in the CJC Governance Policy and as amended from time to time.

Please indicate your acceptance and acknowledgement of these terms by signing the attached copy and returning it to the company secretary or another party notified to you by the Company. I look forward to seeing you at the first Board meeting.

Yours sincerely

.....
Signatory, duly authorised
for and on behalf of the Company

I agree to and acknowledge the terms and conditions set out above relating to my appointment as an Executive Director of the Company.

Signed:

Dated:

PART 2

LETTER OF APPOINTMENT OF NON-EXECUTIVE DIRECTOR

LETTER OF APPOINTMENT

[on the headed notepaper of the Company]

[Name and address of non-executive director]

[Date]

Dear []

Terms of your appointment to the board of directors ("the Board") of CCR Energy Limited ("the Company")

This letter contains the main terms which we have discussed and agreed for your appointment as a non-executive director of the Company ("**Non-executive Director**") as at the date of this letter. Your appointment is made pursuant to and is subject to the articles of association of the Company (the "**Articles**") and the terms of CJC governance policy which has been adopted by the Company (the "**CJC Governance Policy**").

By accepting the appointment, you agree that this letter is a contract for services and is not a contract of employment and you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

1. APPOINTMENT

- 1.1 Subject to the remaining provisions of this letter, your appointment is for a term of up to two years commencing on the date of this letter.
- 1.2 Following the expiry of the initial term your appointment may be renewed for further term(s) in accordance with the CJC Governance Policy (subject to you serving no more than three consecutive terms).
- 1.3 In consideration for acting as a Non-executive Director, you shall be entitled to receive an annual fee of £[] gross (current at the date of this letter), which shall be paid in equal instalments [monthly/quarterly] in arrears through PAYE after deduction of any taxes and other amounts that are required by law, which shall be subject to [annual/periodic] review by the Board.
- 1.4 You shall be expected to attend Board meetings, CJC meetings and meetings of the Company. You shall receive details of all such meetings in advance.
- 1.5 You shall not, whether during the appointment or after its termination, except in the proper course of your duties or as required by law, use or divulge (other than as permitted by the CJC Governance Policy) any trade or business secrets or any information concerning the business or finances of the Company or any Company Subsidiary or of any dealings, transactions, or affairs of such party or any client, customer or supplier thereof which comes to your knowledge during the course of this appointment.
- 1.6 The appointment shall automatically cease in relation to a Company to which you are appointed as a Non-executive Director in the event that:-
 - 1.6.1 you resign as a Non-executive Director of the Company;
 - 1.6.2 you are removed as a Non-executive Director of the Company in accordance with Clause 8.6 of the CJC Governance Policy (Right to Appoint and Remove Directors); or
 - 1.6.3 the appointment is terminated in accordance with the Articles.

- 1.7 On termination of your appointment as a Non-executive Director, you agree that you shall promptly return to the Company Board all papers and property of the Company and any Company Subsidiary which are in your possession.
- 1.8 On termination of your appointment, you shall only be entitled to such fees as may have accrued to the date of termination.
2. **ROLE AND DUTIES**
- 2.1 The Board as a whole is collectively responsible for the success of each Company. The Board's role is to:
 - 2.1.1 provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
 - 2.1.2 set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
 - 2.1.3 set the Company's values and standards and ensure that its obligations to its shareholder and others are understood and met.
- 2.2 You shall have the same general legal responsibilities to the Company as any other director. You are expected to perform your duties (whether statutory, fiduciary or common law) faithfully, diligently and to a standard commensurate with the functions of your role and your knowledge, skills and experience.
- 2.3 You shall exercise your powers in your role as a non-executive director having regard to relevant obligations under prevailing law and regulation.
- 2.4 In your role as a Non-executive Director, you shall also be required to:-
 - 2.4.1 help develop, and provide a creative and informed contribution to, proposals on strategy;
 - 2.4.2 monitor the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
 - 2.4.3 offer expertise and specialist knowledge where required to assist with decision making and management of the Company;
 - 2.4.4 provide an independent view of the Company that is removed from the day-to-day operations;
 - 2.4.5 where appropriate, connect the business and the Board / Management Team with networks and organisations which will complement / add value to the Company and its business;
 - 2.4.6 provide specialist / expert advice to the Board and Management Team where qualified to do so;
 - 2.4.7 devote time to developing and refreshing your knowledge and skills;
 - 2.4.8 uphold high standards of integrity and probity and support the other directors in instilling the appropriate culture, values and behaviours in the boardroom and beyond; and
 - 2.4.9 make sufficient time available to discharge your responsibilities effectively.
- 2.5 Without limitation to the paragraphs above, in signing this letter, you acknowledge and agree that you shall at all times comply with:-
 - 2.5.1 the terms of the CJC Governance Policy (a copy of which has been provided to you);

- 2.5.2 the Articles;
- 2.5.3 the Delegations Policy;
- 2.5.4 the Conflicts Policy; and
- 2.5.5 the Procurement Policy,

each of 2.5.3 to 2.5.5 as set out in the CJC Governance Policy and as amended from time to time.

Please indicate your acceptance and acknowledgement of these terms by signing the attached copy and returning it to the company secretary or another party notified to you by the Company. I look forward to seeing you at the first Board meeting. I look forward to seeing you at the first Board meeting.

Yours sincerely

.....
Signatory, duly authorised
for and on behalf of the Company

I agree to and acknowledge the terms and conditions set out above relating to my appointment as an Executive Director of the Company.

Signed:

Dated:

SCHEDULE 3

DELEGATIONS POLICY

Activity	CJC	Board	Management Team
Adoption of and variation to the Delegations Policy	Approval	Recommendation	
Adoption of and variation to the Procurement Policy	Approval	Recommendation	
Adoption of and variation to the Conflicts Policy	Approval	Recommendation	
Adoption of and variation to the Governance Policy	Approval	Recommendation	
Adoption of and variation to Company Policies from time to time (excluding the Delegations Policy, Procurement Policy and Conflicts Policy)		Approval	Recommendation
Delegation of any Board Matters to any sub-committees or to the Management Team		Approval in accordance with the CJC Governance Policy (i.e. unanimous approval of the Board)	
Alteration of the nature/scope of the Business, closing down any part of the Business or commencing any new business which is not ancillary or otherwise incidental to the Business.	Approval (if outside of the scope of the adopted Business Plan)	Approval (if within the scope of the adopted Business Plan) Recommendation to CJC (if outside the scope of the adopted Business Plan)	
Approval and adoption of the Business Plan and any Company Subsidiary Business Plan	Approval	Preparation and recommendation to CJC	
Approval of material amendments/variations to the	Approval	Recommendation to CJC	

Activity	CJC	Board	Management Team
Business Plan and any Company Subsidiary Business Plan			
Approval of any non-material amendments/variations to the Business Plan and any Company Subsidiary Business Plan		Approval	Preparation and recommendation to Board
Taking any action outside the parameters of the Business Plan and any Company Subsidiary Business Plan (save where otherwise permitted by this Delegations Policy)	Approval	Recommendation	
Approval of the Budget and any Company Subsidiary Budget	Approval	Preparation and recommendation to CJC	
Approval of any variation to Budget and any Company Subsidiary Budget (requiring additional expenditure not envisaged within the scope of the adopted Business Plan)	Approval	Recommendation	
Grant any rights (by licence or otherwise) in or over any Intellectual Property owned or used by the Company	Approval	Recommendation	
Incorporating or acquiring any subsidiary company	Approval if outside of the scope of the adopted Business Plan	Recommendation to CJC if outside of the scope of the adopted Business Plan Approval if within the scope of the adopted Business Plan	
Entering into joint ventures or partnerships or any other involvement by the Company in any other entity	Approval if outside of the scope of the adopted Business Plan	Recommendation to CJC if outside of the scope of the adopted Business Plan	

Activity	CJC	Board	Management Team
		Approval if within the scope of the adopted Business Plan	
Passing any resolution of the Company or any Company Subsidiary which the Act prescribes to be passed by way of special resolution	Approval	Recommendation	
Agreeing the terms upon which a public body may participate as a shareholder of the Company	Approval	Recommendation	
Issuing or allotting any shares in the Company or entering into any other arrangement which involves (or could result in) a third party acquiring a shareholding in the Company	Approval	Recommendation	
Issuing, granting or consenting to the assignment of options over any shares in the Company	Approval	Recommendation	
Creating any rights to convert other securities into shares in the Company	Approval	Recommendation	
Consolidating, sub-dividing, converting, cancelling or otherwise altering any of the rights attached to any of the issued shares (or any class of shares) in the Company	Approval	Recommendation	
Granting or entering into any license Governance Policy or arrangement concerning the trading name and goodwill attached thereto	Approval	Recommendation	
Making any petition or passing any resolution to wind up the Company or making any application for an	Approval	Recommendation	

Activity	CJC	Board	Management Team
administration or winding up order or any order having similar effect or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator		<i>(Note that the Board shall have the power to decide that the Company must cease trading without the consent of the CJC where they are required to do so pursuant to applicable law or in compliance with their general duties as directors)</i>	
Changing the name of the Company	Approval	Recommendation	
Change of status of the Company (e.g. from a private company limited company to an LLP)	Approval	Recommendation	
Establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors or employees of the Company or any Company Subsidiary	Approval	Recommendation	
Approval of any granting of any guarantee, indemnity or similar undertaking for the benefit of the Company	Approval	Recommendation	

Activity	CJC	Board	Management Team
Open or close any Company Bank Accounts, alter any mandate given to the Company's bankers relating to any matter concerning the operation of the Company's Bank Accounts		Approval	
Create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any asset of the Company	Approval (if outside the scope of the adopted Business Plan)	Recommendation to CJC (if outside of the scope of the adopted Business Plan) Approval (if within the scope of the adopted Business Plan)	
Making a change to the Company's auditors, accounting reference date, registered office, solicitors or bankers		Approval	Recommendation
Borrowing other than in the ordinary and usual course of business or entering into any banking facilities other than in the ordinary and usual course of business	Approval	Recommendation	
Entering into any operational contract or other contractual commitment save in the ordinary and usual course of business		Approval (if outside the scope of an approved Business Plan)	Approval (if within the scope of an approved Business Plan) Recommendation to Board (if outside of the scope of an approved Business Plan)
Approving a gift or charitable donation by the Company or a Company Subsidiary as part of its prudent financial management process	Approval (if outside of the scope of the adopted Business Plan)	Recommendation (if outside of the scope of the adopted the adopted Business Plan) Approval (if within the scope of the adopted Business Plan)	

Activity	CJC	Board	Management Team
Acquiring or disposing of any assets or incurring expenditure	Approval (if outside of adopted Business Plan and in excess of £100,000 (exclusive of VAT))	Approval (if outside of the scope of the adopted Business Plan and in excess of £50,000 (exclusive of VAT)) Recommendation to CJC (if outside of the scope of the adopted Business Plan and in excess of £100,000 (exclusive of VAT))	Approval (if within the scope of the adopted Business Plan or, if outside, provided it is less than £50,000 (exclusive of VAT)) Recommendation to Board (if outside of the scope of the adopted Business Plan and in excess of £50,000 (exclusive of VAT))
Approving the redemption of the CJC Loan Notes	Approval	Recommendation	
Agreeing how any funding deficit (due to any CJC contribution not being received or being unavailable) will be managed in any year	Approval		
Entering into any contract or commitment	Approval if outside of the scope of the adopted Business Plan where contract has the potential to incur liability for the Company in excess of £500,000 (exclusive of VAT)	Approval if outside of the scope of the adopted Business Plan where contract has the potential to incur liability for the Company up to £500,000 (exclusive of VAT) Recommendation to CJC if outside of the scope of the adopted Business Plan where contract has the potential to incur liability for the Company in excess of £500,000 (exclusive of VAT)	Recommendation to Board if outside of the scope of the adopted Business Plan where contract has the potential to incur liability for the Company up to £500,000 (exclusive of VAT)
Terminating any contracts	Approval if outside of the scope of the adopted Business Plan where termination the contract has the potential to incur liability for the Company in excess of £500,000	Approval if outside of the scope of the adopted Business Plan where terminating the contract has the potential to incur liability for the Company up to £500,000 Recommendation to CJC if outside of the scope of the adopted Business Plan where terminating the contract	Recommendation to Board if outside of the scope of the adopted Business Plan where terminating the contract has the potential to incur liability for the Company up to £500,000

Activity	CJC	Board	Management Team
		has the potential to incur liability for the Company in excess of £500,000	
The Company or a Company Subsidiary assigning or factoring any book debts of the Company or a Company Subsidiary		Approval if outside of the adopted Business Plan	Approval if within the scope of the adopted Business Plan Recommendation to Board if outside of the adopted Business Plan
Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against the Company or Company Subsidiary, except in relation to debt collection in the ordinary course of the Business	Approval	Recommendation	
Making any announcements or releases of whatever nature in relation to the Business of the Company	Approval if outside of day to day operation of the Business	Approval if in accordance with the day to day operation of the Business Recommendation if outside of day to day operation of the Business	

Activity	CJC	CJC	Board	Management Team
HR Matters				
The Company or a Company Subsidiary entering into an employment contract with an employee which is not terminable without payment of compensation on 3 months notice (or less)			Approval	Recommendation
The Company or a Company Subsidiary entering into an employment contract or any variation to such contract			Approval where employee's contractual entitlement to remuneration (including salary, fees, pension and benefits in kind) exceeds £100,000	Approval provided that employee's contractual entitlement to remuneration (including salary, fees, pension and benefits in kind) does not exceed £100,000 Recommendation to Board where employee's contractual entitlement to remuneration (including salary, fees, pension and benefits in kind) exceeds £100,000
Dismissal of a senior employee of the Company or a Company Subsidiary (e.g a director, the managing director, operations manager)		Approval (where outside of the CJC Governance Policy or if employee's gross salary is £75,000 per annum or more or where the redundancy costs or expenses will exceed £75,000)	Approval (where in accordance with Clause 8.6 of the CJC Governance Policy or if employee's gross salary is less than £75,000 per annum and provided the redundancy costs or expenses will not exceed £75,000)	

Activity	CJC	CJC	Board	Management Team
HR Matters				
			Recommendation to Board (where outside of the CJC Governance Policy or if employee's gross salary is £75,000 per annum or more or where the redundancy costs or expenses will exceed £75,000)	
Dismissal of any non-senior employee			Approval (if employee's gross salary is £50,000 per annum or more or where the redundancy costs or expenses will exceed £50,000)	Approval (if employee's gross salary is less than £50,000 per annum and provided the redundancy costs or expenses will not exceed £50,000) Recommendation to Board (if employee's gross salary is £50,000 per annum or more or where the redundancy costs will exceed £50,000)
The creation by the Company or a Company Subsidiary of a pension scheme or decision to grant pension rights to any employee or former employee of the Company or a Company Subsidiary			Approval	Recommendation

SCHEDULE 4
PROCUREMENT POLICY
PART 1

GUIDING PRINCIPLES

1. INTRODUCTION

- 1.1 This policy applies to the procurement of goods, works and/or services by the Company Group.
- 1.2 **Part 1** of this Schedule sets out the Company Group's procurement objectives, which apply to all procurement activity carried out by the Company Group. **Part 2** of this Schedule outlines how such guiding principles shall be applied to the procurement of goods, works and services.
- 1.3 Any person appointed to carry out procurement activity for and on behalf of the Company Group (a "**Manager**") in relation to any agreement for goods, works or services must always comply with this Procurement Policy and the Delegations Policy.

2. PROCUREMENT OBJECTIVES

- 2.1 The following procurement objectives ("**Procurement Objectives**") have been set to support the Company Group's vision and aims:

2.1.1 the Company Group's 'core procurement objective' is to secure value for money in relation to the procurement of goods, works and/or services by the Company Group (as detailed in paragraph 3 below).

2.1.2 the Company Group shall also seek to achieve the following 'ancillary objectives' (to the extent compatible with achievement of the core procurement objective):-

- (a) where practicable, to drive innovation in the Company Group's supply chain by encouraging new and diverse supplier / contractors to work with the Company Group;
- (b) to embody sustainable procurement within the procurement cycle in order to achieve environmental, social and economic benefits consistent with the core objective;
- (c) to take into account any applicable social considerations (as detailed in paragraph 3 below);
- (d) to have regard, where practicable, to procurement best practice and to view sustainable procurement as integral to this approach (as detailed in paragraph 4 below);
- (e) to continuously improve the procurement procedures of the Company Group (as detailed in paragraph 5 below);
- (f) to ensure that the Company Group is actively open and transparent and has a sound rationale and value for money justification for the selection of all of its supplier / contractors (which may include the use of the evaluation criteria detailed in paragraph 2 below);
- (g) to use the most appropriate and efficient route to procurement; and
- (h) to ensure that specifications are sufficiently robust without negating the supplier / contractor's expertise of innovation in delivery.

3. VALUE FOR MONEY

The Company Group will seek to achieve value for money through the procurement process by ensuring that the procurement of goods, works and/or services are made not just on the basis of the lowest price but by also taking into account other factors such as quality (albeit as far as possible, any quality requirements will be included within the specification), relevant environmental performance, the whole-life cost of purchases and any other relevant matters that demonstrate value for money is being achieved by the Company Group.

4. SUSTAINABILITY, EQUALITY AND DIVERSITY

The Company Group will strive to embody procurement best practice (wherever possible) and view sustainable procurement as integral to this approach. To that end, the Company Group will develop tender specifications in a manner consistent with CJC's core priorities (i.e job creation, promoting inward economic investment and improving the GVA), the Well-being of Future Generations (Wales) Act 2015 and to enable supplier / contractors to meet the wider environmental and social objectives for projects for goods, works and services (wherever relevant).

5. BEST PRACTICE AND CONTINUOUS IMPROVEMENT

One of the key roles and responsibilities of each Manager is to utilise best practice and continuously improve the Company Group's procurement procedures. To that end, it is vital that staff engaged in procurement activity on behalf of the Company Group follow the procedure as set out in this policy. The Manager will undertake regular reviews of procured activity in order to identify areas where improvements in procured activity can be made and highlight areas of best practice as a learning tool for the Company Group.

6. APPROVALS

All procurement activity (including the selection of the relevant procurement route under this policy and the award of any contract) shall be approved by the relevant authorised decision maker in accordance with the terms of the Delegations Policy.

7. EXTENSIONS AND VARIATIONS TO CONTRACTS

All proposed extensions or variations to existing contracts shall be approved in advance by the relevant authorised decision maker in accordance with the terms of the Delegations Policy and with due consideration to the justification for such proposed extension or variation.

PART 2

GOODS, WORKS AND SERVICES

1. DEVELOPING SPECIFICATIONS

- 1.1 It is important when the Company Group is procuring goods, works or services that the specifications are written in such a way as to be sufficiently robust, whilst not being so explicit that the information provided negates the supplier / contractor's expertise and stifles their innovation in delivery.
- 1.2 The Company Group will ensure that the specifications it draws up will:
- 1.2.1 state the requirements clearly, concisely, logically and unambiguously, including any requirements for quality;
 - 1.2.2 contain enough information for potential supplier / contractors to decide and provide unqualified costs and pricing information for the goods, services or works they will offer;
 - 1.2.3 be consistent with the terms of the evaluation criteria and methodology (as detailed in paragraph 2 below);
 - 1.2.4 contain only the essential features or characteristics of the requirement and are, where appropriate, output based;
 - 1.2.5 provide equal opportunities to all supplier / contractors to offer a product or service that satisfies the needs of the Company Group;
 - 1.2.6 not describe requirements or contain features which directly or indirectly discriminate in favour or against any supplier / contractor, product, process or source; and
 - 1.2.7 ensure compliance with the Company Group's legal obligations.

2. EVALUATION CRITERIA

- 2.1 All bidders will be notified of the evaluation criteria used to select the winning bid and undisclosed evaluation criteria will not be used to evaluate bids under any circumstances. The evaluation criteria for any appointment will be as follows (unless paragraph 3.4 applies or as otherwise approved by the Board of the Company):
- 2.1.1 bids will be evaluated on a price/non-price assessment based upon an appropriate range of weightings for non-price and price; and
 - 2.1.2 price evaluation will ensure the most economic advantageous tender will ultimately be successful (whether that is achieved via a fixed fee, capped fee, cost plus or other arrangement, as determined at the relevant time).
- 2.2 Non-price evaluation score will be based upon (as considered necessary):
- 2.2.1 the CVs of staff who are proposed to provide goods or to undertake the works or services together with a resource plan;
 - 2.2.2 proven track record and experience of similar commissions and a clear demonstration how such experience will be applied for the benefit of the Company Group;
 - 2.2.3 response to the quality questions set out in the tender documentation;
 - 2.2.4 delivery proposal setting out their suitability and 'added value' in undertaking the works or services;
 - 2.2.5 references from a minimum of three (3) previous clients;

- 2.2.6 innovation contained within proposed works or services; and
- 2.2.7 deliverability of proposed works or services.

3. PROCUREMENT PROCESS

3.1 Supplies, Services and Works for £100,000 or less

- 3.1.1 For individual contracts with a value of £100,000 or less the Manager shall be entitled to recommend to the Directors of the Company or the relevant Company Subsidiary that such contracts are directly awarded, after having sought a written quotation from a single supplier / contractor provided always that the Manager continues to take into account the Procurement Objectives.

3.2 Supplies, Services and Works above £100,000 up to and including £500,000

- 3.2.1 For individual contracts with a value from £100,000 up to and including £500,000, there are two (2) routes to procure, exercised at the option of the Manager (taking into account the Procurement Objectives):
 - (a) seeking written quotations from at least three (3) independent supplier / contractors in accordance with paragraph 4 below; or
 - (b) a formal tender process, appropriately advertised, involving a number of tenderers to ensure sufficient competitive tension in accordance with paragraph 5 below.

3.3 Supplies, Services and Works above £500,000

- 3.3.1 For individual contracts with a value above £500,000 the procurement process shall be pursuant to a formal, appropriately advertised, open tender process involving a number of tenderers (minimum three (3)) in accordance with paragraph 5 below.

3.4 Board of the Company - Discretion to Vary on Exceptional Cases up to £500,000

- 3.4.1 If, in respect of any particular procurement to be carried out under this Part 2, the Manager determines that neither the written quotation procedure nor the formal tender process is appropriate to achieve the Procurement Objectives or, in exceptional cases, where an alternative route can demonstrate a better value for money outcome, the Manager shall notify the Board of the Company.
- 3.4.2 Following notification from the Manager, the Board of the Company shall (acting in accordance with the Delegations Policy) be entitled to either:-
 - (a) agree an alternative procurement process to be implemented (which, in an exceptional case, may amount to a direct award); or
 - (b) agree a variation to the written quotation or formal tender process to apply,in respect of the procurement of such goods, works and/or services.
- 3.4.3 The Board of the Company shall document in writing, the reasons justifying any decision to depart from this Procurement Policy pursuant to paragraph 3.4.2 above provided always that the value of any such award shall not exceed £500,000.

4. PROCUREMENT BY WAY OF WRITTEN QUOTATION

4.1 The methodology for the appointment of contracts under the written quotation process (referred to at paragraph 3.2.1(a)) will be as follows:

4.1.1 parameters and pre-selection criteria for the potential appointment, to include, without limitation:

- (a) evidence that the relevant entity has a sufficiently robust economic and financial standing;
- (b) demonstration that the relevant entity has the necessary technical and professional ability, capability and capacity to undertake the works/services;
- (c) evidence of past performance by way of a relevant demonstrable track record; and
- (d) acceptance by the entity of the contractual terms proposed by the Company Group;

4.1.2 request written quotations from a minimum of three (3) independent supplier / contractors who satisfy the criteria specified in paragraph 4.1.1 above; and

4.1.3 select the bidder with the highest aggregate score against the selection criteria.

5. TENDER PROCESS

5.1 The methodology for the appointment of contracts under the formal tender process (referred to at paragraph 3.2.1(b)) will be as follows:

5.1.1 parameters and pre-selection criteria for the selection questionnaire stage, to include, without limitation:

- (a) confirmation that none of the mandatory or discretionary exclusion grounds under regulation 57 of the Regulations apply to the relevant applicant (but, for the avoidance of doubt, the Parties acknowledge and agree that the Company Group is not subject to the Regulations);
- (b) evidence that the relevant entity has a sufficiently robust economic and financial standing;
- (c) demonstration that the relevant entity has the necessary technical and professional ability, capability and capacity to undertake the works/services;
- (d) evidence of past performance by way of a relevant demonstrable track record; and
- (e) acceptance by the entity of the relevant terms and conditions proposed by the Company Group,

5.1.2 advertise the opportunity in appropriate trade press and other media to ensure (as far as possible) that a sufficient number of organisations of suitable quality will respond to the tender process to ensure sufficient competitive tension (or, in the case of paragraph of 3.3 above, at least three (3));

5.1.3 issue the selection questionnaire via a suitable mechanism;

5.1.4 prepare the scope of works or services, tender documents and selection criteria (see below);

- 5.1.5 where possible, down-select to a minimum of three (3) bidders based on the pre-selection criteria set out in the tender documentation (or such number of bidders to ensure sufficient competitive tension);
- 5.1.6 issue tender documents via a suitable mechanism;
- 5.1.7 agree shortlist for interview (being, where possible, a minimum of two (2)), based on selection criteria;
- 5.1.8 conduct post tender interviews to clarify the proposed key personnel, scope of works/services, deliverables and pricing model;
- 5.1.9 following interviews, where possible, reserve the right to require the two (2) bids offering best value (as determined under the stated evaluation criteria) to submit a best and final offer tender;
- 5.1.10 reserve the right to request that a bidder clarify or modify a final tender and will reserve the right to withdraw from the procurement entirely without incurring costs;
- 5.1.11 appoint the best value offer (as determined under the stated evaluation criteria); and
- 5.1.12 offer feedback to the unsuccessful bidders.

SCHEDULE 5

CONFLICTS POLICY

1. INTRODUCTION AND BACKGROUND

- 1.1 This is the Company Group "**Conflicts Policy**" which forms part of the rules and regulations of the Company Group that each Director must comply with as a condition of their appointment.
- 1.2 This Conflicts Policy:-
 - 1.2.1 aims to assist each Director in identifying and recognising conflicts of interest that may impact upon their role as a Director; and
 - 1.2.2 sets out the Company Group's expectations and requirements as to how such conflicts should be managed, in order to ensure best practice in respect of corporate governance.
- 1.3 It is each Director's responsibility to ensure that they have read, understand and are able to comply with this Conflicts Policy.
- 1.4 To assist with this, the company secretary shall periodically arrange training to ensure that each Director is able to identify conflicts of interests and understands the requirements set out herein.

2. STATUTORY REQUIREMENTS AND DECLARATION OF INTERESTS

- 2.1 Under the Companies Act 2006 each director has a duty to:-
 - 2.1.1 act in the way they consider would promote the success of the company; and
 - 2.1.2 avoid situations in which they may have an interest that conflicts with the interests of the company.
- 2.2 The legislation further states that a director will not be in breach of the duty to avoid conflicts where the matter has been authorised by the other directors (provided such authorisation is permitted by the relevant company's articles of association).
- 2.3 The articles of association of each member of the Group (the "**Articles**") state that, provided a conflict of interest has been disclosed and authorised by the other Directors, the conflicted Director shall be allowed to participate in and vote on decisions relating to the conflict matter.
- 2.4 To facilitate this process of authorisation of conflicts the company secretary maintains a "**Conflicts Register**" for each member of the Company Group.
- 2.5 The purpose of the Conflicts Register is to, transparently and comprehensively, record all known interests for each Director.
- 2.6 On appointment each Director is required to declare any roles, positions or other interests they hold in respect of which conflicts may arise (this would include, for example, directorships for other companies or other positions of authority or responsibility on other external bodies).
- 2.7 Any such interests should be declared in writing to the company secretary.
- 2.8 Following the initial disclosure, Directors are required to make a further declaration to the company secretary in the event that there are any required changes to the content of the Conflicts Register (for example they are appointed as a director of a new organisation).
- 2.9 The content of the Conflicts Register shall be approved by the Directors of the relevant Company Group member from time to time. No Director shall be entitled to participate in discussions regarding, or vote in respect of, approval of their own entries into the Conflicts Register.

- 2.10 Directors should note that, although securing authorisation in accordance with this paragraph 2 may, in principle, be sufficient to demonstrate compliance with legislation and the Articles, it does not relieve them of their duty to comply with the remainder of this Conflicts Policy which includes increased obligations in respect of conflicts, in order to ensure best practice in respect of corporate governance throughout the Company Group.

3. IDENTIFYING CONFLICTS

- 3.1 In carrying out the role of a Director for the Company Group, conflicts can arise in a variety of circumstances. Potential categories of conflicts include:-

3.1.1 Personal Conflicts

This includes any situation in which a Director's own personal interests come into conflict with the interests of the Company Group.

Examples of such a conflict matter include:-

Example 1 - a Director is employed by a member of the Company Group. A decision is required to be made by the board in relation to that Director's salary, benefits or bonus entitlement under their employment contract.

Example 2 - a member of the Company Group enters into a supply contract with a company which is owned by the spouse of a Director. The supplier breaches the contract and the board of the Company Group are required to make a decision as to whether or not to bring a claim against the supplier.

In each of the examples above, the Director's own personal interests in the decision could make it very difficult for them to act impartially and truly comply with their duty to act in the best interest of the Company Group.

3.1.2 Conflict of Duties (Third Parties)

This includes situations where a Director's duty to act in the best interests of one entity conflicts or has the potential to conflict with their duty to act in the best interests of the Company Group.

An example of such a conflict matter is set out below:-

Example – a Company Group member is required to make a decision in relation to acquiring new premises. There are two potential sites one of which is owned by a company of which a Director is also an appointed director.

In the example above the relevant Director has a legal duty to act in the best interests of both the Group member and the potential seller. A clear conflict between these duties could easily arise (for example where the other third-party site was more suitable for the Company Group's needs).

It should be highlighted that, where a Director is appointed by more than one Company Group member or where the Director also owes a duty to one of the Councils as a member or employee of the Council, it is equally possible for situations to occur which involve conflicts between these duties. Directors should, therefore, be equally vigilant and alive to potential conflicts of this nature regardless of the fact the arrangements are 'intra-group'.

- 3.2 Whilst the examples given in this paragraph 3 are fairly obvious examples of potential conflicts of interest there may be situations where the conflict is less 'clear cut'.
- 3.3 It is each Director's sole responsibility for identifying where conflicts of interest have arisen or may potentially arise.

- 3.4 Should any Director feel that they are unable to determine whether a matter in question involves a conflict of interest they should disclose the matter to the company secretary and comply with their directions in respect of the issue.

4. PARTICIPATION IN DECISION MAKING

- 4.1 Where a Director has identified that they have or may have a conflict of interest in respect of a situation, transaction or arrangement they have a duty to determine whether they are able to participate in a decision relating to such conflict matter without breaching the duty to act in the best interests of the Company Group.

- 4.2 To assist in making this assessment, the Company Group requires that each Director follows the following steps:-

4.2.1 Step One - the Objective Test

- 4.2.2 The Director should first consider whether the conflict matter in question is one in which their decision making is likely to be significantly impaired. To do so they should consider the following "**Objective Test**":-

- 4.2.3 *'Would an ordinary member of the public, with knowledge of the relevant facts, reasonably conclude that the circumstances are likely to materially prejudice your discussion or decision making?'*

- 4.2.4 If the answer to the above is yes, the Director should ensure that they do not participate in, or influence in any way, any discussions relating to the relevant conflict matter.

- 4.2.5 They must excuse themselves from any Board meeting in which the conflict matter is discussed whilst any such matter is under consideration and must not vote on any Board resolutions relating to the conflict matter.

4.2.6 Step Two – Board Approval

- 4.2.7 If the Director feels in good faith that the relevant matter is one in which they may have a conflict of interest but that such conflict of interest is not one which may *materially* prejudice their input into the decision, they must disclose the interest and the nature of the conflict in full including explaining the reason why they feel that the Objective Test is not satisfied.

- 4.2.8 Such disclosure shall be presented in writing to the other non-conflicted Board members of the relevant Company Group member who shall consider and vote on whether or not to approve such conflict matter. For the avoidance of doubt the conflicted Director shall not be permitted to participate in and/or vote in respect of the decision as to whether to grant such approval.

- 4.2.9 In approving the conflict matter, the Board may permit the conflicted Director to participate in and/or vote in respect of the relevant conflict matter however unless there are exceptional circumstances that require otherwise, the Board should only grant approval for the relevant Director to participate in the discussions and they should not be permitted to vote.

4.2.10 Step Three - Monitor

- 4.2.11 Where Board approval has been granted in respect of the relevant conflict, the Director shall still, at all times, have a duty to continue to monitor the situation. Should any additional grounds arise that change the nature or extent of the conflict, the Director shall endeavour to either withdraw from the discussions relating to the conflict matter entirely and/or make a further disclosure to the Board in line with step two above (as appropriate).

5. CONCLUSION

- 5.1 Each Company Group member committed to achieving best practice in respect of corporate governance and shall continually review and update this policy as necessary.
- 5.2 If any Director has any concerns in relation to their role and or ability to comply with this Conflicts Policy, or feels that complying with this policy impacts their ability to perform their role as a Director, they should promptly contact the company secretary and comply with any directions that they may make.

SCHEDULE 6

FORM OF LOAN NOTE INSTRUMENT AND LOAN NOTE

DATED _____ **20**1

(1) CCR ENERGY LIMITED

LOAN NOTE INSTRUMENT
constituting CJC Loan Notes

Note: This Instrument is subject to the terms of any Intercreditor Agreement and the CJC Governance Policy (as such terms are defined in this Instrument)

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THIS INSTRUMENT is made on

20[]

BY:-

- (1) **CCR ENERGY LIMITED** (company number 13951868) whose registered office is at Aberthaw Power Station, The Leys, Aberthaw, Barry, CF62 4ZW (the "**Company**").

WHEREAS:-

The Company has by shareholder resolution passed on or about the date of this Instrument, resolved to constitute £[] CJC Loan notes.

IT IS AGREED as follows:-

1. **INSTRUMENT**

This Instrument constitutes the Loan Notes (as defined below).

2. **INTERPRETATION**

2.1 In this Instrument:-

"Act"	means the Companies Act 2006
"Business Day"	means a day (other than a Saturday or Sunday) on which banks are open for general business in London
"CJC"	means the South East Wales Corporate Joint Committee established pursuant to the Local Government and Elections (Wales) Act 2021
"CJC Governance Policy"	means the CJC governance policy relating to the governance, operation and management of the Company which has been adopted by the Company and the CJC
"Conditions"	means the Conditions set out in Schedule 2 and the word " Condition " followed by a number refers to the Conditions so numbered
"Event of Default"	means any event of circumstance specified as such in Condition 5 (<i>Events of Default</i>)
"Instrument"	means this instrument (including the Conditions and the Schedules)
"Intercreditor Agreement"	means any deed or agreement entered into from time to time by the Company and its creditors whereby the priority of debt and any supporting Security is regulated
"Interest Date"	means the date of this Instrument and thereafter 31 March, 30 June, 30 September and 31 December in each year and, if it is not a Business Day, the relevant Interest Date shall be the immediately preceding Business Day and the last Interest Date shall be the date on which the last outstanding Loan Note is repaid and/or cancelled
"Interest Period"	means any period from but excluding one Interest Date to and including the next Interest Date

"Interest Rate"	means [] ([]) per cent per annum or such other rate of interest per annum as may be agreed from time to time between the Company and the CJC as applying to the Loan Notes
"Loan Notes"	means the "CJC Loan Notes" constituted by this Instrument and to be issued as outstanding from time to time, and "Loan Note" means any of them
"Noteholder Resolution"	means a written resolution signed by all Noteholders
"Noteholder"	means each person whose name is for the time being entered in the Register as the holder of the Loan Notes
"Board"	means the board of the Company from time to time
"Principal Amount"	means the principal amount of the Loan Notes outstanding from time to time
"Register"	means the register of the Loan Notes to be maintained under paragraph 1 of Schedule 3
"Security"	means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other Governance Policy or arrangement having a similar effect
"Security Agreement"	means the security agreement dated 1 March 2023 granted by the Company in favour of the County Council and City of Cardiff (which has or will be assigned to the CJC)
"Security Agreement"	means:- <ul style="list-style-type: none"> (a) the Security Agreement (b) any other agreement, deed, instrument or other document creating Security in favour of a Noteholder in support of the Company's obligations under this Instrument
"tax"	means any present and future tax, levy, impost, deduction, withholding, duty or other charge of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same)

2.2 In this Instrument, reference to:-

- 2.2.1 a Clause or "Schedule" is a reference to a clause of or schedule to this Instrument;
- 2.2.2 a statutory provision includes a reference to that provision as modified, replaced, amended and/or re-enacted from time to time (before or after the date of this Instrument), any statute, statutory provision or subordinate legislation which it amends or re-enacts and any prior or subsequent subordinate legislation made under it;
- 2.2.3 any gender includes a reference to the other genders;
- 2.2.4 a **"person"** includes a reference to an individual, partnership, unincorporated association, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture wherever incorporated or situate (in each case

whether or not having separate legal personality) and includes a reference to that person's legal personal representatives, transferees and successors;

- 2.2.5 **"body corporate"** has the meaning set out in section 1173 of the Act;
- 2.2.6 **"company"** shall be construed so as to include any company, corporation or other body corporate wherever and however incorporated or established;
- 2.2.7 a **"connected person"** is a reference to a person connected with another within the meaning of section 1122 Corporation Tax Act 2010;
- 2.2.8 something being **"in writing"** or **"written"** shall include a reference to that thing being produced by any legible and non-transitory substitute for writing (excluding in electronic form as defined in section 1168 of the Act);
- 2.2.9 a time of day is to London time prevailing on the relevant day;
- 2.2.10 a **"day"** (including within the phrase **"Business Day"**) shall mean a period of 24 hours running from midnight to midnight;
- 2.2.11 any other document referred to in this Instrument is a reference to that other document as amended, varied, novated, restated or supplemented (other than in breach of the provisions of this Instrument) at any time; and
- 2.2.12 any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be treated as a reference to any analogous term in that jurisdiction.

2.3 An Event of Default is **"continuing"** if it has not been remedied or waived.

2.4 The schedules form part of this Instrument and shall be interpreted and construed as though they were set out in this Instrument.

2.5 The headings to the Clauses, Schedules and paragraphs of the Schedules are for convenience only and shall not affect the interpretation or construction of this Instrument.

2.6 The terms of this Instrument are subject to the terms of any Intercreditor Agreement and the CJC Governance Policy. If there is any conflict between the terms of this Instrument and the terms of the Intercreditor Agreement or the CJC Governance Policy, the terms of the Intercreditor Agreement or the CJC Governance Policy (as appropriate) shall prevail.

3. **PRINCIPAL AMOUNT**

The Loan Notes shall be issued in denominations or multiples of one pound sterling in nominal amount. Each outstanding Loan Note is held on and subject to the provisions of this Instrument. The Company shall repay the Loan Notes in accordance with the Conditions.

4. **INTEREST**

Company shall pay each Noteholder interest on the Principal Amount of the Loan Notes in accordance with the Conditions.

5. **RANKING**

The Loan Notes and all interest due on them shall rank equally and rateably without any discrimination or preference between them as direct unconditional secured obligations of the Company.

6. **PAYMENTS**

Any monies payable on or in respect of any Loan Note shall be paid in such manner and in such place within the United Kingdom as each Noteholder shall reasonably direct and, if no such direction is given to the Company in writing at least 10 Business Days prior to the relevant payment date, may be paid by crossed cheque or warrant sent through the post to the registered address of the Noteholder or to such person at such address as that Noteholder may in writing direct. Every such cheque or warrant shall be made payable to the person to whom it is sent or to such person or persons as the Noteholder may in writing direct and payment of the cheque or warrant shall be satisfaction of the monies represented by it. Every such cheque or warrant shall be sent at the risk of the person entitled to the monies represented by it.

7. **CERTIFICATES**

The Company shall issue to each Noteholder a certificate, executed by the Company as a deed, for each Loan Note held by it. Each certificate shall be substantially in the form set out in Schedule 1 and shall bear a denoting number, have the Conditions endorsed on it and note the site, property or matter to which it relates.

8. **CONDITIONS**

Each Loan Note shall be held subject to the Conditions and the provisions of this Instrument, which shall be binding on the Company and the Noteholders.

9. **NOTICE OF EVENT OF DEFAULT**

The Company shall give notice to the Noteholder upon its becoming aware that an Event of Default has occurred.

10. **CONDITIONS AND SCHEDULES**

The Company shall at all times observe and perform the Conditions and the provisions set out in Schedule 3.

11. **SECURITY**

The Company has created Security in favour of each Noteholder on the terms set out in the Security Governance Agreements in order to secure the obligations of the Company under this Instrument.

12. **INVESTMENT EXCHANGE**

No application shall be made to any investment exchange (whether recognised or not) for permission to deal in or for an official or other listing or quotation in respect of any of the Loan Notes.

13. **NOTICES**

13.1 Any notice or other communication pursuant to, or in connection with, this Instrument shall be in writing in the English language and delivered by hand or sent by first class pre-paid recorded delivery post in accordance with this Clause 13.

13.2 Any notice or demand under the Loan Notes to or upon the Company shall be deemed to have been properly served if it has been delivered or sent by letter posted to the Company at its registered office.

13.3 Any notice or other document may be given or sent to a Noteholder by sending it to (if they have a registered address in the United Kingdom) their registered address or (if they have no registered address within the United Kingdom) the address (if any) within the United Kingdom supplied by them to the Company for the giving of notice to them or to their registered address.

13.4 Subject to Clause 13.5, any notice or other communication shall be deemed to have been served:-

13.4.1 if delivered by hand, at the time of delivery; and

13.4.2 if sent by pre-paid first class recorded delivery post (other than air mail), two days after posting it.

13.5 If a notice or other communication is given or deemed given at a time or on a date which is not a Business Day, it shall be deemed to have been given on the next Business Day.

13.6 To prove service of a notice or other communication, in the case of a notice or other communication delivered by post, the envelope containing the notice or other communication was properly addressed and posted.

14. INVALIDITY

If any provision of this Instrument is held to be unenforceable or illegal, in whole or in part, such provision or part shall to that extent be deemed not to form part of this Instrument but the enforceability of the remainder of this Instrument shall remain unaffected.

15. VARIATION

Subject to the terms of the Intercreditor Agreement, the provisions of this Instrument and the Loan Notes may be varied or modified with the sanction of all Noteholders.

16. GOVERNING LAW AND JURISDICTION

16.1 This Instrument and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes and claims) are governed by, and shall be construed in accordance with the laws of England and Wales.

16.2 The Company submits for the benefit of each Noteholder to the exclusive jurisdiction of the courts of England and Wales in relation to any matter, dispute or claim arising out of or in connection with this Instrument, its implementation or effect or in relation to its existence or validity (including non-contractual disputes or claims).

This Instrument has been executed and delivered as a deed by the Company on the date set out on page 1.

CERTIFICATE

£ []

Note Number []

Issued on []

CCR ENERGY LIMITED

(registered number 13951868) (the "**Company**")

Created and issued pursuant to a resolution of the [Board][the Shareholder] passed on []

THIS IS TO CERTIFY THAT the undermentioned is the registered holder of the amount set out below of the [] CJC Loan Notes constituted by an instrument created by the Company on [] (the "**Instrument**") and issued with the benefit of and subject to the provisions contained in the Instrument.

Name and Address of Holder

Amount of Loan Note

[CJC]

[]

1. The Loan Notes evidenced by this certificate relate to the funding of the following site, property or matter:
[]
2. Each Loan Note is payable in accordance with the Instrument.
3. Any change of address of a Noteholder must be notified in writing signed by the Noteholder to the Company at the registered office of the Company from time to time.
4. A copy of the Instrument constituting the Loan Notes is available for inspection at the registered office of the Company.
5. Words and expressions defined in the Instrument shall have the same meanings when used herein.
6. The Loan Notes, and the rights attaching to them, are subject to the terms of the Instrument, the Intercreditor Agreement and the CJC Governance Policy .

Dated:- []

Executed and delivered as a deed by **CCR ENERGY LIMITED** acting by a director, in the presence of:

.....
	Director

Name of Witness
-----------------	-------

Address of Witness
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Occupation of Witness
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SCHEDULE 2

CONDITIONS

1. REPAYMENT

- 1.1 Unless previously purchased or repaid under the provisions of the CJC Governance Policy or the following Conditions, the Loan Notes shall be repaid together with all interest accrued (less any tax which the Company is required by law to deduct or withhold from such interest payment) and not previously paid on such Loan Notes ("**Unpaid Interest**") upon the earlier of:

1.1.1 **[Note: Repayment date/long stop etc to the specified]**; and/or

1.1.2 in accordance with clause 7 (*Receipts and Profits*) of the CJC Governance Policy and any Intercreditor Governance Policy

any such event being a repayment date (the "**Repayment Date**").

- 1.2 On the Repayment Date, each Noteholder shall be paid the Principal Amount and the Unpaid Interest in full.
- 1.3 If the Repayment Date is not a Business Day, such repayment shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

2. PREPAYMENT

Subject to the provisions of the CJC Governance Policy, any Intercreditor Agreement and the prior written approval of all Noteholders, the Company may, at any time after the date of this Instrument, upon not less than 10 Business Days' prior written notice to the Noteholder (or such other notice period as agreed by the Company and the Noteholders) prepay the Principal Amount in whole or in part (but if in part in an amount of £1 or an integral multiple thereof) without penalty but any prepayment under this Condition 2 shall be made together with all interest accrued and not previously paid on such Principal Amount.

3. CANCELLATION

Loan Notes paid off or purchased by the Company shall be cancelled and shall not be capable of reissue or be reissued.

4. INTEREST

- 4.1 From the date of issue of any Loan Note until the date of its repayment, interest shall accrue daily on that Loan Note at the Interest Rate on the basis of a 365-day year (366 days in the case of a leap year) and the actual number of days elapsed in the relevant Interest Period.
- 4.2 Interest shall be paid in accordance with the terms of the CJC Governance Policy and all outstanding interest accrued at the end of each Interest Period will be compounded and added to the Principal Amount on the last day of such Interest Period and for the avoidance of doubt, will be payable on redemption of the Loan Notes in accordance with Condition 1.1 (*Repayment*) above.
- 4.3 If and so long as any tax is required by law to be deducted from any interest payable on the Loan Notes, the Company shall deliver to each Noteholder within 10 Business Days after payment of any such interest a certificate as to the gross amount of such interest and the amount of tax deducted.

- 4.4 If the Company fails to pay any amount payable by it under this Instrument or in connection with the Loan Notes on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgement) at a rate which is equal to the aggregate of (a) the Interest Rate and (b) 2 per cent per annum. Any interest accruing under this Condition 4.4 shall be immediately payable by the Company on demand by the Noteholder.

5. **EVENTS OF DEFAULT**

- 5.1 Each of the events or circumstances set out in this Condition 5.1 is an Event of Default:

5.1.1 ***[Note: Events of default to be identified]***

- 5.2 On and at any time after the occurrence of an Event of Default which is continuing, the Noteholders may by Noteholder Resolution and by notice to the Company declare that all Loan Notes, together with all accrued interest, and all other amounts outstanding under the Loan Notes or this Instrument shall, subject to the terms of the CJC Governance Policy and any Intercreditor Agreement, be immediately due and payable, at which time they shall become immediately due and payable by the Company.

- 5.3 The Company shall indemnify each Noteholder on demand against any loss, liability or expense which that Noteholder may reasonably sustain or incur as a consequence of making such demand or as a consequence of non-performance by the Company of any obligation under this Instrument.

- 5.4 No delay or omission on the part of the Noteholders in exercising any right or power in accordance with this Condition 5 (*Events of Default*) shall impair such right or power, and any single or partial exercise thereof shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy of the Noteholders under this Instrument.

6. **CJC GOVERNANCE POLICY AND INTERCREDITOR AGREEMENT**

Notwithstanding anything in the Instrument to the contrary:-

- 6.1 no payment of interest or other distribution in relation to the Loan Notes; and
- 6.2 no repayment or prepayment of the Principal Amount or any other payment in relation to the Loan Notes;

shall be made if it would constitute a breach of any of the terms of the CJC Governance Policy or any Intercreditor Agreement **PROVIDED THAT** this Condition shall not operate to supersede any provisions of the Instrument which specify the consequence of non payment of any such sum to the extent that such consequences do not constitute a breach of the CJC Governance Policy or any Intercreditor Agreement.

SCHEDULE 3

REGISTER AND TRANSFERS

1. REGISTER

1.1 The Register shall be kept by the Company at its registered office and there shall be entered in it in respect of each Loan Note:-

- 1.1.1 the name and address of each holder of a Loan Note;
- 1.1.2 the date upon which each holder came into possession of the relevant Loan Note;
- 1.1.3 the principal amount due on each Loan Note on issue;
- 1.1.4 the aggregate amount of compounded interest accrued on each Loan Note (such amount to be updated within five Business Days after the end of each Interest Period); and
- 1.1.5 the dates on which any parts of such principal are repaid.

1.2 Upon any change of address of a Noteholder being notified to the Company, the Register shall be altered accordingly. The Noteholders or any person authorised by a Noteholder shall be at liberty at all reasonable times to inspect, copy and take extracts from the Register.

1.3 The Register shall, in the absence of manifest error, gross negligence or wilful misconduct, be conclusive and binding on all parties.

2. ABSOLUTE OWNER

Except as required by law, the Company will recognise the registered holder of each Loan Note as its absolute owner and shall not be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which the Loan Note may be subject and the receipt of the Noteholder for the interest from time to time accruing due in respect of the Loan Note or for any other monies payable in respect of it shall be a good discharge to the Company notwithstanding any notice it may have (whether express or otherwise) of the right, title, interest or claim of any other person to or in the Loan Notes, interest or monies. No notice of any trust (express, implied or constructive) shall be entered on the Register in respect of the Loan Notes or any of them.

3. TRANSFER

3.1 The Noteholders may transfer the Loan Notes to a third party.

3.2 Any transfer of Loan Notes in accordance with the provisions of this paragraph 3 (*Transfer*) shall be effected by an instrument in writing in any usual or common form or in any other form approved by the Board. Every such instrument of transfer shall be signed by the transferor and the transferor shall be deemed to remain the owner of, and the Noteholder in respect of, such Loan Notes until the name of the transferee(s) is/are entered in the Register in respect thereof.

3.3 Every instrument of transfer (duly stamped if so required) must be left at the registered office of the Company for registration accompanied by the certificate for the Loan Notes to be transferred (or in the case of a lost certificate an indemnity in respect thereof or such other evidence as the Board may reasonably require to procure the title of the transferor or his right to transfer the Loan Notes) and the Company shall, promptly thereafter, register such transfer and enter the relevant transferee as the holder of the

Loan Notes in the Register. All instruments of transfer which are registered shall be retained by the Company.

4. DEFACED LOAN NOTE

If any certificate representing a Loan Note shall be worn out or defaced it may be surrendered to the Board, who shall cancel it and issue a replacement. If any certificate representing a Loan Note has been lost or destroyed then, provided the Noteholder complies with such terms as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in investigating the evidence as the Board may deem adequate, a new certificate in lieu of the lost or destroyed one may be issued to the Noteholder. An entry as to the issue of the new certificate, and a note of the indemnity (if any), shall be made in the Register.

5. MODIFICATION OF RIGHTS AND NOTEHOLDER RESOLUTION

5.1 Subject to the terms of the CJC Governance Policy and any Intercreditor Agreement, the provisions of this Instrument (including the Conditions) and all or any of the rights for the time being attached to the Loan Notes (including without limitation the release of the Company from or postponement or variation of its obligations as to payment of the principal and other monies payable pursuant to the Loan Notes) may from time to time be modified or abrogated by the Company with the sanction of a Noteholder Resolution.

5.2 The Noteholders shall, in addition to all other powers, have the following powers exercisable by Noteholder Resolution:

5.2.1 power to sanction any scheme for the reconstruction, consolidation, amalgamation, or merger of the Company;

5.2.2 power to sanction the exchange of the Loan Notes for or the conversion of the Loan Notes into shares, stock, debentures, debenture stock or other obligations or securities of the Company or any other company formed or to be formed;

5.2.3 power to sanction the release of the Company from the payment of all or any part of the principal sums owing upon the Loan Notes and other moneys payable in respect of the Loan Notes;

5.2.4 power to sanction any modification or compromise or release of the rights of the Noteholders against the Company proposed or agreed to by the Company;

5.2.5 power to assent to any modification of the Conditions to the Loan Notes proposed or agreed to by the Company; and

5.2.6 power to enforce the Security Agreements.

INSTRUMENT EXECUTION PAGE

Executed and delivered as a deed by **CCR
ENERGY LIMITED** acting by a director, in the
presence of:

.....

.....

Director

Name of Witness

.....

Address of Witness

.....

.....

Occupation of Witness

.....