

Ministerial Decision Report

APPROVAL OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION FOR JT GROUP LIMITED

1 Purpose of Report

To enable the Minister for Treasury and Resources to consider approving the new Memorandum and Articles of Association of JT Group Limited (“JT” or the “Company”).

2. Background

The Articles of Association of a company are the “*written rules about running the company agreed by the shareholders or guarantors, directors and the company secretary.*” Therefore, the Articles contain requirements around the appointment and resignation of directors, proceedings of the directors and meeting provisions, which are in addition to the legislative requirements of, for example, the Companies (Jersey) Law 1991, as amended, and other legislation.

The existing JT Articles of Association are an amended version of a standard set of Articles set out in the Companies (Standard Table) (Jersey) Order 1992, as amended, and date from the original incorporation of the Company in 2002.

Approval for any amendment or variation of the Memorandum and/or Articles of Association is to be carried out by Special Resolution, signed by the shareholders of the Company and lodged with the Companies Registry at the Jersey Financial Services Commission together with a copy of the new Memorandum and Articles of Association.

3. New JT Memorandum and Articles of Association

Priority number 13 of the Minister’s 2023 Ministerial Plan involves developing the governance arrangements for arm’s length bodies, which includes the States-owned entities (“SOEs”). Following the adoption of new Memoranda of Understanding with the wholly owned SOEs in May 2022, the Shareholder team commenced a project to review, draft and agree updated new Articles of Association for these same entities.

The objectives of the project to agree new Articles of Association were to:-

- Review the existing Articles in the light of recent amendments to the Companies (Jersey) Law 1991, as some of the existing SOE Articles date back to 2004, and relevant reports and recommendations of the Comptroller and Auditor General;
- Include modern corporate governance arrangements and provisions, ie notice periods of meetings, company seals, provision for electronic communications and virtual meetings;
- Bring consistency between the SOEs in terms of such matters as the appointment of directors and officers;

- Provide a measure of flexibility in relation to terms of office of directors to assist with effective board succession planning.

The main change to the new Memorandum of Association is the cancellation of the preference share class since the preference shares were redeemed in 2021 and none are now in issue.

The project involved extensive engagement with the JT Board and this was a wholly collaborative and constructive exercise.

The proposed new Memorandum and Articles of Association for JT, which have received the endorsement of the JT Board, appear in **Appendices A and B**.

4. Recommendation

The Minister for Treasury and Resources is recommended:-

- to approve the new Memorandum and Articles of Association for JT; and
- to instruct the Treasurer of the States and States of Jersey Investments Limited as Nominees and Trustees for the Minister, in accordance with the Declaration of Trusts, to approve a Written Shareholder resolution approving the new Memorandum and Articles of Association (a copy of which appears at **Appendix C**).

5. Reasons for Decisions

Priority number 13 of the Minister’s 2023 Ministerial Plan involves developing the governance arrangements for arm’s length bodies, which includes the States-owned entities (“SOEs”). Following the adoption of new Memoranda of Understanding with the wholly owned SOEs in May 2022, the Shareholder team commenced a project to review the Memorandum and Articles of Association for these same entities.

A new Memorandum and Articles of Association for JT has been drafted which align with modern corporate governance standards and has been agreed with the JT Board. The proposed new Memorandum and Articles of Association has been subject to legal review.

6. Resource Implications

There are no financial or manpower implications for the States arising from this decision.

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APPENDIX A

New Memorandum of Association of JT Group Limited

APPENDIX B

New Articles of Association of JT Group Limited

Appendix C

Written Shareholder Resolution