

Delivering growth and  
prosperity for our partners  
and the environment



*Powering the Transition to a Carbon Free Future*

# Powering the Transition to a Carbon Free Future



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# Our Vision, Mission and Values for the benefit of all



The transition of Powersystems into an employee-owned business provides the opportunity for every employee to embrace their future, realise their ambitions and achieve their goals.

This charter sets out the structure, governance and ownership of Powersystems UK Ltd as an employee-owned business for the benefit of all.

## Our Vision...

# Powering the Transition to a Carbon Free Future

We are amid an incredibly exciting time for energy in the UK, the government has set ambitious targets to deliver net zero carbon emissions by 2050. As the effects of climate change are becoming more severe and drastic, the burden of coping with increasing temperatures, shortages of food, increasingly devastating storms, natural disasters, loss of coastline and low-lying lands, more and more companies and countries are stepping up to lead the way.

Achieving carbon-neutrality in the energy sector won't require spreading every free square inch of space with solar panels or wind turbines. With a focus on renewable sources, energy storage, electric vehicles, and green hydrogen, requires rethinking of UK electrical infrastructure which is over 60 years old. These new opportunities for Powersystems are endless. Powersystems will be at the heart of the UK's efforts to de-carbonise and power a carbon free future and play our part in delivering net zero carbon emissions by 2050.

## Our Mission...

***'To be the high voltage specialists of choice, working with our partners delivering sustainable power solutions.'***

### Who are our Partners?....

- ▶ Our supply chain partners support us in delivering the right result for our customers.
- ▶ Our Powersystems Partners who through their skill, dedication, loyalty, pride, and passion make Powersystems the great company that we are.
- ▶ Our customers are our Partners who give us the opportunity to demonstrate our skills and expertise as high voltage specialists.

By delivering sustainable power solutions we will accelerate the transition to a carbon free future.

## Our Values...

Please see our latest vision, mission, and values statement which is currently located on SharePoint and on noticeboards around the main office building.

**Pride | Partnership | Proactive | Professionalism | Priority No.1**



## Our Heritage

Whilst working for the Midlands Electricity Board our **two founding partners** (who were specialist engineers) created their vision to provide high voltage electrical services.

**Powersystems UK Ltd** was formed in **1977**, initially providing services to local businesses such as Lister Petter Ltd, Rolls Royce and British Aerospace. Registering as the **first Independent Connection Provider** (ICP) in **1997** which enabled the company to complete grid connections, previously only carried out by Distribution Network Operators.

From there the company has gone from **strength to strength** to become one of the major suppliers in the High Voltage and Renewable Energy Industry and long may it last.

# Our Journey to Employee Ownership

Powersystems became an employee-owned business in 2019 when an Employee Ownership Trust (EOT) purchased the company from the founders.



## What is a Trust?

- ▶ A Trust is an arrangement under which property, (assets or shares) may be held by one set of persons (the Trustees) not for their own benefit, but for the benefit of another set of persons (the beneficiaries).
- ▶ An Employee Ownership Trust (EOT) is a special kind of Trust where the beneficiaries of the Trust are one or more Employees of the company.
- ▶ The Trustee of the EOT is a company called Powersystems UK EOT Limited. This is referred to as **“The Trustee Company”**.
- ▶ Powersystems UK EOT Ltd. is a non-trading company, it is simply an entity to hold shares, to make administration of appointment and removal of Trustee Directors easier and to limit liability.
- ▶ The beneficiaries of the EOT are all the Employees of Powersystems.

- ▶ The property held by the EOT are the shares in the company.
- ▶ The EOT must always as a minimum hold 51% of the shares in Powersystems UK Ltd to be majority shareholder in the company to ensure that Powersystems remains an employee owned business.
- ▶ A document called a Trust Deed sets out the terms upon which the Trustee of the Trust must hold and may deal with the property held in the Trust.

## Who runs the Trust?

- ▶ The administration of the Trust - is carried out by its directors who are, for all practical purposes, to be regarded as having responsibility for the affairs of the Trust. They are referred to as **“The Trustee Directors”**.
- ▶ The Trustee Directors must make all decisions with due consideration of the overall best interests of the companies Employees.

*It is important to note that the Trust does not play any part in managing Powersystems UK Ltd. That is the responsibility of the Directors of Powersystems UK Ltd.*

**1977**  
Powersystems UK is formed by Derek Earby & Mike Wilshire

**1979** - Contract with Rolls Royce

**1980** - Move into new offices

**1980-1988** - LV switchboard replacement at British Aerospace

**1989-1991** - Generator at Brogborough Landfill site

**1992-1993** - Llyn Brianne Dam, Spillway & hydro-electric scheme

**1997**  
Registered as the first Independent Connection Provider (ICP)

**1997** - Stangate Landfill 132/33kV transformer

**1997-2003** - HiTec Rotary UPS

**1998** - Win the Electrical Industry Environmental Award

**2003-2008** - Melbury Dairies AD Plant – one of many generation schemes installed by Powersystems

**2009** - Aikengall Wind farm, Scotland

**2010** - Warner Bros Studios Substation

**2015** - Newly renovated offices, Yate

**2010-2011** - Solar Farm

**2016-2017** - Pen Y Cymoedd Windfarm, Wales

**2018**  
Electric vehicle charging infrastructure installed for Millbrook Vehicle Proving Ground

**2019**  
Employee Ownership our journey begins!

**2020** - First UK Greener Grid Project and world's largest offshore wind farm

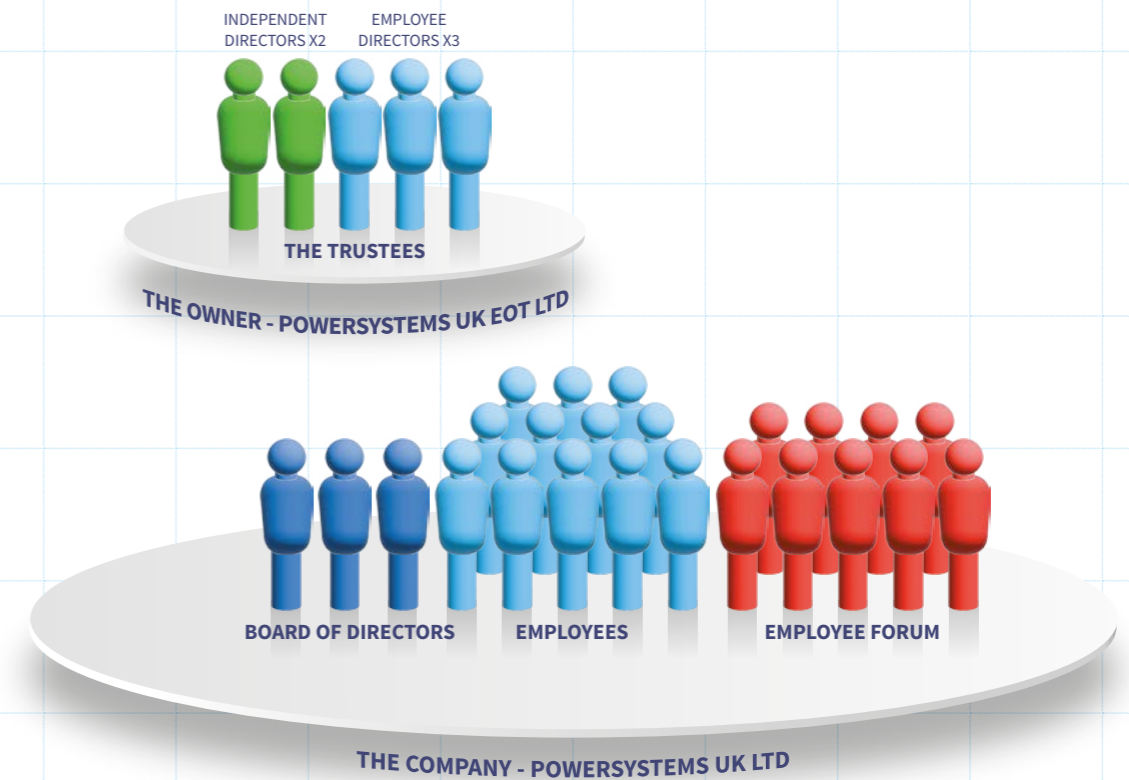
**2022**  
Powersystems a British Company Celebrate 46 years in Business

and the journey continues... **2024**

# The Structure...

# ...and Purpose

The Trust is responsible for ensuring Powersystems UK Ltd operates in the best long-term interests of its partners and represents those who will benefit (i.e. the beneficiaries).



Trustee Directors must only ever operate in the best interests for beneficiaries as a whole (i.e. the Employees).

# Delivering the Right Results for Everyone!

## BOARD OF DIRECTORS OF THE COMPANY (POWERSYSTEMS UK LTD)

The Directors are legally responsible for the management of the business of the company. In exercising that responsibility, each Director is obliged by law to act in accordance with the statutory duties laid down in the Companies Acts.



# Roles and Responsibilities of the Powersystems UK Ltd Board of Directors

## The Role of the Board of Directors is: -

- ▶ to promote the success of the company for the benefit of its members (shareholders) as a whole and, in doing so, to have regard to (amongst other matters):
  - the likely long-term consequences of any decisions.
  - the interests of the shareholder.
  - the need to foster business relationships with suppliers, customers and others.
  - the impact of its operations on the community and the environment.
  - the need to act fairly between members of the company; and
  - the desirability of maintaining a reputation for high standards of business conduct.
- ▶ to exercise independent judgement; and
- ▶ to exercise reasonable care, skill, and diligence.

Although their obligation is nevertheless to promote the financial success of the company for the benefit of its shareholders, it is important to appreciate that the Directors must always only ever act in accordance with their legal obligations as Directors and should have regard for the principles set out in the Partners' Charter and to the views of the Employees' Forum.

The board must also have regard to the list of special consent matters (see Appendix 1) on which it is obliged to gain consent from the board of the EOT.

## Selection Process, Terms of Office, and Proceedings

### The Selection Process

The board of Directors of the company is usually responsible for its own composition, as it is in the best position to determine what skills and attributes it needs to perform its duties effectively. As the EOT is the majority shareholder, the Trust also has the right to appoint Directors to the company Board as this is one of the rights of a majority shareholder under the Companies Act. You would not expect the Trust to appoint Directors to the company board in the ordinary course however, the Trust has the power to hold the board to account, and to protect the business if there are major concerns over the future of the company.

### Member Terms of Office

Members of the company board are subject to contracts of employment and have executive roles within the business, and as such do not have finite terms of office.

### Cessation of Membership

As with the appointment of Directors to the company

board, you would also expect the company board itself to be responsible for removals, if these were necessary.

As the EOT is the majority shareholder, the Trust also has the right to remove Directors from the company board, as this is one of the rights of a majority shareholder under the Companies Act. You would not expect them to remove Directors from the board in the ordinary course however, the Trust has the power to hold the board to account, and to protect the business if there are major concerns over the future of the company. For a company Director to be removed by the Trust, the minimum number of Trustee Directors participating in the Trustee Directors meeting (the quorum) shall be four and at least one independent Director must vote in favour of removal.

### Proceedings

The Articles of Association of the company outline the way that the company board operates.

The Articles state that there must always be at least two Directors of the company, and that a quorum for a meeting of the company board is two Directors.



“As a long serving Employee the journey to EO has been exciting and rewarding”

**BOARD OF DIRECTORS OF THE EOT (POWERSYSTEMS UK EOT LTD)**

As the majority shareholder, the Trust board has ultimate control over the company, and there are certain decisions which the Directors of the company cannot take without the Trusts consent. These shareholder rights are either enshrined in the Companies Act, or contained in the special consents matters in Appendix 1 at the end of this document.

The Trust board acts in the overall best interests of the Trust's beneficiaries. The beneficiaries are the current and future Employees of the company (considered as a whole). It supports the future success of the company, as the company provides employment to the beneficiaries.



## Roles and Responsibilities of the Board of Directors of the EOT

### Duties of the Trustee Directors

The overriding principle is that the Trustee Directors are Trusted to act for and on behalf of the Trust's beneficiaries (known as a fiduciary duty).

**There are six more specific duties set out in law, including:**

- ▶ a duty to exercise reasonable care, skill and diligence.
- ▶ a duty to exercise independent judgement; and,
- ▶ a duty to avoid conflicts of interests.

**Exercising reasonable care, skill and diligence includes:**

- ▶ a duty to understand how the company is performing.
- ▶ a duty to protect the value of the Trust's shareholding in the company; and,
- ▶ a duty to hold the company's board to account for how well they run the business.

It is important to note that the Trust does not play any part in managing the company. That is the responsibility of the Directors of Powersystems UK Ltd.

The position of a Trustee Director is one of great importance, but of quite limited liability. As it is the Directors of Powersystems UK who are taking on the liability and statutory responsibility for the running of the company, it is important that the Trustee board gives the company board the freedom and support it needs to carry out these responsibilities, whilst maintaining the responsibility to hold them to account for company performance and Employee well-being.

The Trustee Directors must only ever deal with the shares and other assets held in the Trust in the overall best interests of the beneficiaries.

**The Trustee Directors have a regard to such medium and longer-term factors as:**

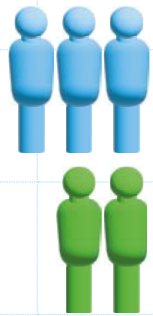
- ▶ ensuring the long-term prosperity of the company on which the value of the Trust's shareholding depends.
- ▶ ensuring the maintenance of long-term employment prospects.

# Roles and Responsibilities of the Board of Directors of the EOT (continued)

## Selection Process, Terms of Office, and Proceedings

### Composition and Decisions of the EOT Board of Directors

The EOT Board will comprise of five Directors, as follows:



- ▶ **Three Employee Directors**, these Directors are employees of the company who are appointed in line with the selection process below.
- ▶ **Two Independent Directors**. Independent Trustee Directors are appointed with the skills deemed necessary by the other Trustee Directors and on such terms as the other Trustee Directors determine.

One or both of the independent Directors should have considerable commercial experience of working in or with companies of a similar size and with a similar Employee profile (both office and site based). They should understand the challenges the company Directors face, be able to form an informed view of how the company is performing and be respected for their knowledge and understanding by the company Directors.

### The Selection Process

- ▶ Those willing to act as an Employee Director require nomination by at least two other Employees.
- ▶ The list of candidates is passed to both the EOT and company board.
- ▶ The EOT board consults with the company board.
- ▶ The EOT board meets each candidate to establish suitability.
- ▶ Candidates confirm they wish to be included in the Employee vote or withdraw.
- ▶ Employees vote for their first and second preference candidate. Candidates are ranked according to the number of first preference votes. All bar the top two candidates are eliminated and second preference votes for those who voted for the eliminated candidates are added to the remaining candidates' votes.
- ▶ The Employee with the most votes is formally appointed by the EOT board.
- ▶ The EOT board lead the search for new independent Directors, with the company board and Employee Forum able to make suggestions.
- ▶ The EOT board, company board and Employee Forum each meet with applicants and then meet to discuss and hopefully agree on the preferred candidate.
- ▶ The final decision rests with the EOT board, who formally make the appointment.

### Member Terms of Office

- ▶ Each Director will bring a fresh perspective based on their unique knowledge and experience, so rotation is valuable.
- ▶ The maximum number of Directors to be replaced in a six-month period should be one Employee Director and one independent Director to ensure knowledge is retained within the board to be shared with new Directors.
- ▶ To handover, the out going Director will participate in the recruitment process for their replacement and spend time mentoring the new Director in their role. Once their term of office has ended they must attend a final board meeting.
- ▶ Subject to the above, the term of appointment will be 4 years.

### Cessation of Membership

A Trustee Director can be removed if at least 75% of the other Trustee Directors vote in favour.

### Proceedings

The Articles of Association of the Trustee company give the legal requirements for the proceedings of meetings of Trustee Directors. The quorum for a meeting of the Trustee Directors stated in the articles is two Directors however, the intention is for all Trustee Directors to be present at meetings. Meetings are held quarterly and can be held remotely. An independent Director chairs the meeting and decisions can be made in writing.



“Together we are strong to make Powersystems a great place to work”



## Roles and Responsibilities of the Employee Forum

“The Employee Forum comprises of 9 elected members of staff”

### The Employee Forum works:

- ▶ To enable all Employees to feel engaged with the company and actively contribute to its success.
- ▶ To improve the communication and transparency within the business.
- ▶ To stimulate action to address issues impacting on a significant number of Employees.

### The Employee Forum provides a platform to discuss areas within the business and work together to give ideas for enhancement of the company.

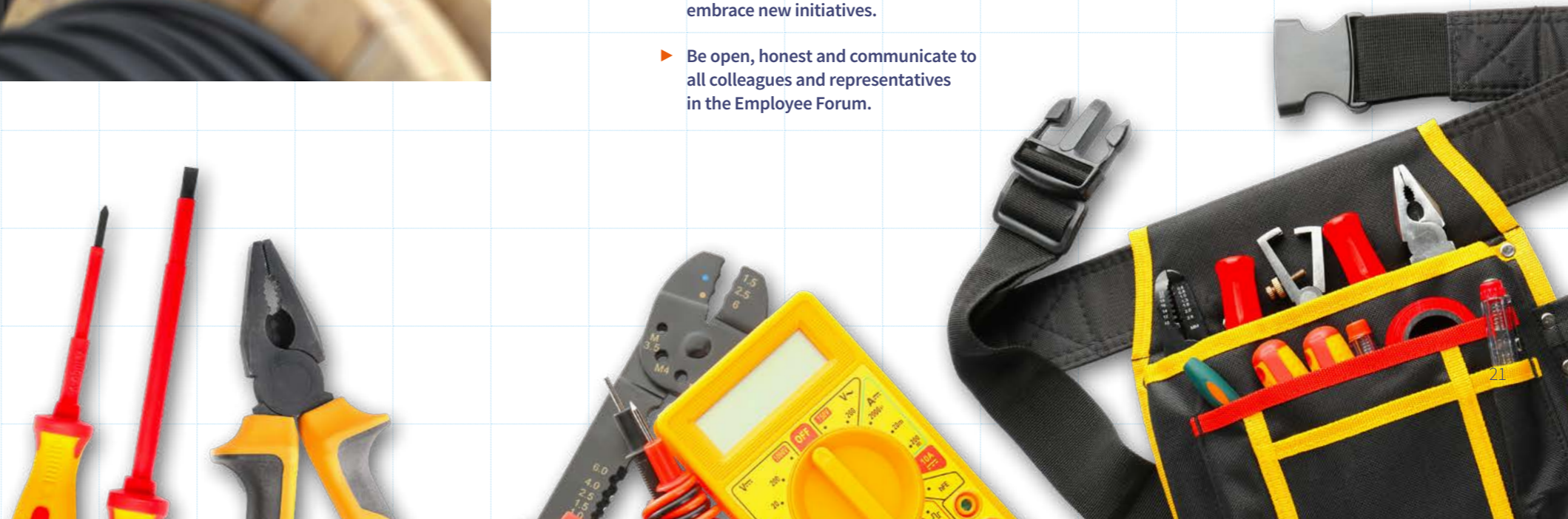
- ▶ To seek views and feedback of their colleagues to discuss ideas and work with colleagues to embrace new initiatives.
- ▶ To secure the practical and effective application of company values and principles for the day-to-day conduct of the business of the company.
- ▶ To enhance collaboration between Employees, company Directors and the Trustee Directors.

### Duties of Employee Forum Members

- ▶ Proactively seek views and feedback from colleagues. Where colleagues bring forward unrelated questions to the Employee ownership of the company, the Employee representatives should be confident to signpost them to the right place, without judgement.
- ▶ Discuss ideas with their colleagues and bring these to the Forum meetings.
- ▶ Work with colleagues and wider Employee Forum members to embrace new initiatives.
- ▶ Be open, honest and communicate to all colleagues and representatives in the Employee Forum.

### THE EMPLOYEE FORUM

The Employee Forum has an important role in supporting an Employee’s relationship with both the company and the Trustee. It helps Employees engage with the company (i.e. be emotionally committed) and stimulates action to address issues impacting on a significant number of Employees. It provides a platform to discuss various areas of the business and working together as a group for the enhancement of the company.



# Roles and Responsibilities of the Employee Forum (continued)

## Selection Process, Terms of Office, and Proceedings

### Composition and Decisions of the Forum

The Employee Forum will comprise of up to 9 Employees drawn from each department of the Company.

|  |             |
|--|-------------|
| Admin/Accounts/Commercial/Marketing/CAD/HR | 2 Employees |
| Operation and Engineering                  | 3 Employees |
| Site Operatives                            | 4 Employees |



Regular contact is encouraged between the forum and representatives of the company directors and EOT Directors to ensure ideas to improve the business.

One of the three Employee Directors on the EOT board will attend meetings of the Forum to contribute to discussions and assist with communication between the EOT board and the Forum, but not able to vote in Forum decisions (unless the Employee Director has also been elected to sit on the Forum).

Decision making is by majority, with the chair having a casting vote in the case of deadlock.

### The Selection Process

Once a position becomes available, an Employee from the department where there is a vacancy can nominate themselves to sit on the Forum. If there is more than one nominee in a department, Employees in that department vote for their preferred representative. The Employee with the most votes is elected to the Forum. Employees must have passed their probationary period to be eligible for selection.

The chair of the Forum is voted on by the Forum members.

### Member Terms of Office

Members sit on the Forum for an initial one-year term and are permitted to stand again for a successive term (with a maximum of three terms). The chair has an initial two-year term and is permitted to stand again, either as chair or another member of the Forum for another successive one-year term.

### Cessation of Membership

By tabling their resignation giving 3 months' notice. Or by repeated non-attendance (missing two consecutive meetings without apologies and good reason). All members vote on removal. The Chair has casting vote.

### Proceedings

Meetings are held bi-monthly, six times a year. Minutes of all meetings are taken and distributed to all Employees. Being a member of the Forum is an opportunity for an Employee to give their opinion as well as that of their colleagues, which must be actively sought.

# Partner Connectivity

Creating a platform where partners can discuss various areas of the business and work together as a cohesive group for the benefit of the entire company.



# Our Employees



Every Employee is recognised as having a real contribution to make to the business and the value of every Employee is recognised.

In line with the special consents all Employees will have the right to vote:

- ▶ On whether to sell a majority of the shares in the company to a third party.
- ▶ On whether to sell the business and assets of the company to a third party.

Employees become a beneficiary of the Trust and an Employee owner when they join the company and cease to be when they leave.

## Employees Rights and Responsibilities



## Communication

All matters relating to the communication of Employee ownership are details in the Communication Matrix.

Please see Guide for Communication Matrix in Appendix 2 - see page 27.



# Glossary

In this document:

|   |  |
|---|--|
| <b>Beneficiaries</b>                      | means Employees of the company   |
| <b>the Company</b>                        | means Powersystems UK Limited  |
| <b>the Constitution</b>                   | means the principles and the rules (as set out in this document and amended from time to time)                           |
| <b>the Company Board</b>                  | means the Directors of Powersystems UK Ltd   |
| <b>the Trustee Board</b>                  | means the Directors of the Trustee company   |
| <b>Employee Trustee Director</b>          | means a Director of the Trustee company  |
| <b>Employee</b>                           | means an employee of Powersystems UK Ltd.  |
| <b>the Employee Forum</b>                 | means the council of the representatives of Employees of members of the company as constituted and governed by the rules |
| <b>Shares</b>                             | means the shares held by the Trustee company   |
| <b>the Trustee or the Trustee Company</b> | means Powersystems UK EOT Limited a company limited by guarantee which is a wholly owned subsidiary of the company       |

**Appendix 1**

# Special Consents

The company board is responsible for all operational and strategic decisions of the company, so if any of the items on the special consents list were proposed, you would expect this proposal to come from the company board and at least a majority of board Directors to have agreed to it. The board must then ask for the EOT board's consent, for any of the matters listed. Matters must be approved by at least a majority of Trustee Directors. You would expect that the company board would present their reasons to the Trust board, and the Trust board would need to consider whether the proposal was in the best interests of current and future Employees, which, in most instances also means supporting the ongoing success of the company.

| No | Consent Matter   | Board          | Trust          | Employees |
|----|--|----------------|----------------|-----------|
| 1  | Varying in any respect the Articles or the rights attaching to any of the shares in the company or the provisions relating to the transfer of shares.  | YES - majority | YES - majority |           |
| 2  | Increasing the number of shares in the company (which would dilute existing shareholders), granting any option or other interest over its share capital.   | YES - majority | YES - majority |           |
| 3  | Making any changes to the Trust deed of the Employee Ownership Trust.  | YES - majority | YES - majority |           |
| 4  | A resolution by the company to terminate the Employee Ownership Trust or such similar action by the Company as could bring the Trust Period under the Employee Ownership Trust's Trust deed to an end. | YES - majority | YES - majority |           |
| 5  | Allowing anyone other than Employees or the Employee Ownership Trust to own shares.  | YES - majority | YES - majority |           |
| 6  | The company purchasing any of its own shares.  | YES - majority | YES - majority |           |
| 7  | Incurring any borrowing greater than 50% of the company balance sheet value on the date of any loan agreement.   | YES - majority | YES - majority |           |
| 8  | Applying for the listing or trading of any shares or debt securities on any stock exchange or market.  | YES - majority | YES - majority |           |
| 9  | Passing any resolution for the winding up of the company (unless it has become insolvent).   | YES - majority | YES - majority |           |
| 10 | Altering the name of the company.  | YES - majority | YES - majority |           |
| 11 | Changing the nature of the company's business or commencing any new business by the company which is not ancillary or incidental to the existing business.   | YES - majority | YES - majority |           |
| 12 | Forming any Subsidiary or acquiring shares in any other company (or participating in any partnership or joint venture) (incorporated or not).  | YES - majority | YES - majority |           |
| 13 | Amalgamating or merging with any other company or business undertaking.  | YES - majority | YES - majority |           |
| 15 | Making any acquisition or disposal (including a long term lease) of any land.  | YES - majority | YES - majority |           |
| 16 | Moving the company's principal place of business more than 10 miles from its current location.   | YES - majority | YES - majority |           |
| 17 | Changing the auditors of the company or its financial year end.  | YES - majority | YES - majority |           |
| 18 | Declaring or paying any dividend.  | YES - majority | YES - majority |           |
| 19 | Establishing or amending any profit-sharing, share option, other incentive scheme of any nature for Directors or Employees (other than in the ordinary course of business).                            | YES - majority | YES - majority |           |
| 20 | Appointing or removing a Director.   | YES - majority | YES - majority |           |
| 21 | A sale of a majority of the shares in the company to a third party.  | YES - majority | YES - majority | Yes 75%   |
| 22 | A sale of the business and assets of the company to a third party.   | YES - majority | YES - majority | Yes 75%   |

**Appendix 2**

# Guide for Communication

| Information                         | Receiver    | Timing  | Method                                       | Sender         |
|-------------------------------------|-------------|---|--|----------------|
| Quarterly accounts and board report | Trust Board | Quarterly - a week in advance of Trust meeting          | Email  | Company Board  |
| Company performance report          | Employees   | Quarterly   | Via quarterly newsletter and SharePoint News | Company Board  |
| Notice of EOT meeting               | Employees   | Quarterly two weeks in advance of Trust meeting         | Via SharePoint Company Key Dates             | Trust Board    |
| Summary of EOT meeting              | Employees   | Two weeks following Trust meeting                       | Via email and SharePoint news                | Trust Board    |
| Employee Forum meeting summary      | Employees   | Every 8 weeks two week following Employee Forum meeting | Via SharePoint news                          | Employee Forum |

# The Future Looks Bright!



For more information

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