

**COMPANY NOT HAVING A SHARE CAPITAL**

**MEMORANDUM OF ASSOCIATION OF**

**CO-OPERATIVE EMPLOYERS ASSOCIATION LIMITED**

Each subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company.

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Name of each subscriber

Authentication by each subscriber

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Central England Co-operative Limited

East of England Co-operative Society Limited

Lincolnshire Co-operative Limited

Co-operative Group Limited

The Midcounties Co-operative Limited

Dated 10 June 2015

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY GUARANTEE**

**ARTICLES OF ASSOCIATION OF CO-OPERATIVE EMPLOYERS ASSOCIATION LIMITED**

**(THE "COMPANY")**

**1 INTERPRETATION**

1.1 In these Articles, unless the context otherwise requires, the following definitions apply:

<b>"Act"</b>	the Companies Act 2006;
<b>"A Director"</b>	a Director of the Company appointed in accordance with article 6;
<b>"A Member"</b>	a member of the Company with more than 2,500 employees;
<b>"Articles"</b>	the Company's articles of association for the time being in force;
<b>"B Director"</b>	a Director of the Company appointed in accordance with article 7;
<b>"B Member"</b>	a member of the company who is not an A Member;
<b>"business days"</b>	any day (other than a Saturday, Sunday or a bank or public holiday in the United Kingdom) on which clearing banks in the city of London are generally open for business;
<b>"Conflict Situation"</b>	any situation or matter in which any Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;
<b>"Director"</b>	an A Director, a B Director or any other director of the Company appointed in accordance with these articles;
<b>"eligible director"</b>	a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter); and
<b>"member"</b>	an A Member or a B Member;
<b>"Model Articles"</b>	the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date on which these Articles become binding on the Company.

1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

- 1.3 Headings in the Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "Article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
- 1.5.1 any subordinate legislation from time to time made under it; and
  - 1.5.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

## **2 MODEL ARTICLES**

The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles. If any provisions of these Articles conflict with any provisions of the Model Articles, these Articles shall prevail.

## **3 OBJECT**

The objects for which the Company is established are to (a) contribute to the business success of its members through the procurement of targeted HR services tailored to their needs, and (b) bargain with trade unions over the terms and conditions of employment contained in relevant collective agreements.

## **4 INCOME**

- 4.1 The income and property of the Company shall be applied solely in promoting the object of the Company as set out in Article 3.
- 4.2 No dividends or bonus may be paid or capital otherwise returned to the Members, provided that nothing in these Articles shall prevent any payment in good faith by the Company of:
- 4.2.1 reasonable and proper remuneration to any Member, officer or servant of the Company for any services rendered to the Company;
  - 4.2.2 any interest on money lent by any Member or any director at a reasonable and proper rate;
  - 4.2.3 reasonable and proper rent for premises demised or let by any Member or director;  
or
  - 4.2.4 reasonable out-of-pocket expenses properly incurred by any director.

## **5 DIRECTORS – DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

- 5.1 The general rule about decision making is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 9.1.

5.2 If the Company has only one Director for the time being the general rule does not apply, and the Director may (for so long as he remains the sole Director) take decisions without regard to any of the provisions of these Articles relating to Directors' decision making.

5.3 Paragraph 7 of the Model Articles shall not apply to the Company.

## **6 DIRECTORS – APPOINTMENT AND REMOVAL OF A DIRECTORS**

6.1 Each A Member shall, for so long as they remain an A Member, be entitled to appoint an individual to be a Director of the Company, such individual being designated an A Director.

6.2 An A Director may at any time be removed from office by the A Member who appointed them.

6.3 If an A Director shall die or be removed from or vacate office for any cause, the A Member who appointed him shall appoint in his place another person to be an A Director.

6.4 Any appointment or removal of an A Director pursuant to this article shall be in writing and signed by or on behalf of the relevant A Member and served on the Company at its registered office, or delivered to a duly constituted meeting of the Directors of the Company and on the A Director, in the case of his removal. Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.

## **7 DIRECTORS - APPOINTMENT OF B DIRECTORS**

7.1 The B Members shall, subject to board approval, together be entitled, to appoint one individual to be a Director of the Company in accordance with this Article 7, such individual being designated the B Director.

7.2 When the office of B Director is vacant each B Member shall be entitled to submit one nomination for the position of B Director to the board of Directors of the Company.

7.3 The Directors, acting by a majority, shall appoint one of the individuals nominated in accordance with article 7.2 to the office of B Director.

## **8 DIRECTORS - METHOD OF APPOINTING AND REMOVING DIRECTORS**

8.1 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director:

8.1.1 by ordinary resolution; or

8.1.2 by a decision of the Directors.

8.2 Paragraphs 17(2) and 17(3) of the Model Articles shall not apply to the Company.

8.3 Any Director shall cease to be a Director as soon as:

8.3.1 that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;

8.3.2 a bankruptcy order is made against that person;

8.3.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;

- 8.3.4 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
  - 8.3.5 notification is received by the company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
  - 8.3.6 an ordinary resolution of the members of the Company is passed requiring his removal as a Director of the Company; or
  - 8.3.7 in the case of a Director who is also an employee of the Company, he shall cease to be employed by the Company.
- 8.4 In any case where, as a result of death or bankruptcy, the Company has no members and no Directors, the trustee in bankruptcy of the last member to have a bankruptcy order made against them have the right, by notice in writing, to appoint a natural person who is willing to act and is permitted to do so, to be a Director.
- 8.5 Paragraphs 17(2), 17(3) and 18 of the Model Articles shall not apply to the Company.

## **9 DIRECTORS – UNANIMOUS DECISIONS**

- 9.1 A decision of the Directors is taken in accordance with this Article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 9.2 Such a decision may take the form of a resolution in writing where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.
- 9.3 A decision may not be taken in accordance with this Article if the eligible directors would not have formed a quorum at such a meeting.
- 9.4 Paragraph 8 of the Model Articles shall not apply to the Company.

## **10 CALLING A DIRECTORS' MEETING**

- 10.1 Any Director may call a meeting of Directors by giving not less than seven days' notice of the meeting (or such shorter period of notice as all the Directors may agree) to each Director or by authorising the company secretary (if any) to give such notice.
- 10.2 Paragraph 9(1) of the Model Articles shall not apply to the Company.

## **11 DIRECTORS – QUORUM**

- 11.1 The quorum for the transaction of business at a meeting of Directors is three eligible directors.
- 11.2 Paragraph 11(2) of the Model Articles shall not apply to the Company.

## **12 DIRECTORS – CASTING VOTE**

- 12.1 Paragraph 13 of the Model Articles shall not apply to the Company. If the number of votes for and against a proposal at a meeting of Directors is equal, the chairman or other Director chairing a meeting shall not have a casting vote.

## **13 DIRECTORS' INTERESTS**

- 13.1 Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict Situation, he or she must declare his or her interest to the Directors unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already.
- 13.2 If any question arises as to whether a Director has a Conflict Situation, the question shall be decided by a majority decision of the other Directors.
- 13.3 The Directors have the power to authorise a Director to be in a Conflict Situation provided:
- 13.3.1 in authorising a Conflict Situation, the Directors can decide the manner in which the Conflict Situation may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict Situation can participate in a vote on the matter and can be counted in the quorum;
- 13.3.2 the decision to authorise a Conflict Situation can impose such terms as the Directors think fit and is subject always to their right to vary or terminate the authorisation.
- 13.4 If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 13.3 then, even if he or she has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.
- 13.5 A Director shall not be accountable to the Company for any benefit which he or she derives from any matter, or from any office, employment or position, which has been authorised by the Directors in accordance with Article 13.3 (subject to any limits or conditions to which such approval was subject).

#### **14 DIRECTORS – TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

- 14.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- 14.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 14.1.2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of Directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested; and
- 14.1.3 shall be entitled to vote at a meeting of Directors or of a committee of the Directors, or participate in any unanimous decision, in respect of such transaction or arrangement or such proposed transaction or arrangement.
- 14.2 Paragraphs 14(1) to 14(4) inclusive of the Model Articles shall not apply to the Company.

#### **15 DIRECTORS – ALTERNATE DIRECTORS**

- 15.1 Any Director (the “appointor”) may appoint as an alternate any other Director or any other person approved by resolution of the Directors to:
- 15.1.1 exercise that Director’s powers; and

- 15.1.2 carry out that Director's responsibilities
- in relation to the taking of decisions by the Directors in the absence of the alternate's appointor.
- 15.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor or in any other manner approved by the Directors.
- 15.3 The notice must:
- 15.3.1 identify the proposed alternate; and
- 15.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.
- 15.4 An alternate director may act as an alternate director to more than one Director and has the same rights in relation to any decision of the directors as the alternate's appointor.
- 15.5 Except as the Articles specify otherwise, alternate directors:
- 15.5.1 are deemed for all purposes to be Directors;
- 15.5.2 are liable for their own acts and omissions;
- 15.5.3 are subject to the same restrictions as their appointors; and
- 15.5.4 are not deemed to be agents of or for their appointors,
- and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member.
- 15.6 A person who is an alternate director but not a Director:
- 15.6.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
- 15.6.2 may participate in a unanimous decision of the Directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and
- 15.6.3 shall not be counted as more than one Director for the purposes of Articles 15.6.1 and 15.6.2.
- 15.7 A Director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Directors (provided that his appointor is an eligible director in relation to that decision) but shall not count as more than one Director for the purposes of determining whether a quorum is present.
- 15.8 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing to the Company.
- 15.9 An alternate director's appointment as an alternate terminates:

- 15.9.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 15.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;
- 15.9.3 on the death of the alternate's appointor; or
- 15.9.4 when the alternate's appointor's appointment as a Director terminates.

## **16 DIRECTORS' REMUNERATION AND EXPENSES**

- 16.1 Directors are not entitled to remuneration for services to the Company. Paragraphs 19(2) to 19(5) inclusive of the Model Articles shall not apply to the Company.
- 16.2 The Company may pay any reasonable expenses which the Directors (including alternate directors and, if it has one, the secretary (but so that nothing in this Article 16.1 shall require the Company to have a secretary) properly incur in connection with their attendance at:
  - 16.2.1 meetings of Directors or committees of directors; or
  - 16.2.2 general meetings;or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.
- 16.3 Paragraph 20 of the Model Articles shall not apply to the Company.

## **17 SECRETARY**

The Directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit, and from time to time remove such person and, if the Directors so decide, appoint a replacement in each case by a decision of the Directors. Nothing in this Article 17 shall require the Company to have a secretary.

## **18 APPLICATION FOR MEMBERSHIP**

- 18.1 No organisation shall become a member unless they have completed an application for membership in a form approved by the Directors from time to time. A letter shall be sent to each successful applicant confirming their membership of the Company and the details of each successful applicant shall be entered into the Register of Members.
- 18.2 The Directors may decline to accept any application for membership and need not give reasons for doing so.
- 18.3 A member must be a Co-operative and the Directors may prescribe any other criteria for membership of the Company but shall not be obliged to accept persons fulfilling those criteria as members.
- 18.4 Paragraph 21 of the Model Articles shall not apply to the Company.



## **19 TRANSFER AND TERMINATION OF MEMBERSHIP**

- 19.1 A member may, with the prior written consent of the Directors, transfer their membership to another organisation providing such person fulfils the membership criteria set out in these Articles or elsewhere by signing an instrument of transfer in any usual form or in any form approved by the Directors and depositing such document at the registered office of the Company.
- 19.2 Following deposit of the instrument of transfer at the registered office, the Directors shall procure that the transferee is registered in the register of members of the Company and notify the transferee of the date he becomes a member.
- 19.3 No fee shall be charged for registering the transferee in the register of members of the Company.
- 19.4 When a member goes into receivership, administrative receivership, administration, liquidation or other arrangement for the winding up of a company (if a company), the membership shall automatically pass to the trustee in bankruptcy, supervisor, receiver, administrator or administrative receiver (as appropriate) who may transfer such membership rights in accordance with the procedure set out in Article 19.1.
- 19.5 A member may withdraw from membership by giving 3 months' notice to the Company in writing.
- 19.6 A member who withdraws from membership shall not be entitled to a refund of any subscription fees paid by such member.
- 19.7 Paragraph 22 of the Model Articles shall not apply to the Company.

## **20 EXPULSION OF MEMBER**

- 20.1 The Directors may terminate the membership of any member without his consent by giving such member written notice of such expulsion and following such termination, the member shall be removed from the register of members of the Company.
- 20.2 A member whose membership is terminated under this Article shall be entitled to a refund of any subscription fee in respect of the year in which the expulsion occurs pro-rata from the date of the expulsion.

## **21 GENERAL MEETINGS**

- 21.1 An annual general meeting shall be held in each period of six months beginning with the day following the Company's accounting reference date at such place, date and time as may be determined by the board of Directors.
- 21.2 All meetings other than annual general meetings shall be called general meetings. The board of directors may whenever it thinks fit proceed to convene a general meeting.
- 21.3 The quorum for the transaction of business at a general meeting (including any annual general meeting) shall be such number of members as represent at least half of the members of the Company.
- 21.4 An annual general meeting shall be called by a minimum of 28 days' notice. The period of notice shall in either case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held.

## **22 PROXIES**

22.1 Proxies may only be validly appointed by a notice in writing (a "proxy notice") which:

22.1.1 states the name and address of the member appointing the proxy;

22.1.2 identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

22.1.3 is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the Directors may determine; and

22.1.4 is delivered to the Company in accordance with the Articles not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate

and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting.

22.2 Paragraph 31(1) of the Model Articles shall not apply to the Company.

## **23 VOTES OF MEMBERS**

At any general meeting every member who is present in person (or by proxy) shall on a show of hands have one vote in all circumstances and every member present in person (or by proxy) shall on a poll have one vote in all circumstances.

## **24 RULES**

The Directors may establish rules governing matters relating to Company administration that are required from time to time for the effective operation of the Company (for example, provisions relating to subscription fees and the admission criteria for members). If there is a conflict between the terms of these Articles and any rules established under this Article, the terms of these Articles shall prevail.

## **25 NOTICES**

25.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

25.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending (and the sending party receives a confirmation of delivery from the courier service provider)); and

25.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address.

For the purpose of this Article, no account shall be taken of any part of a day that is not a business day.

25.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

## **26 DIRECTORS' INDEMNITY**

26.1 Subject to the provisions of the Act (but so that this Article 26.1 does not extend to any matter insofar as it would cause this Article or any part of it to be void thereunder), the Company:

26.1.1 shall, without prejudice to any indemnity to which the person concerned may otherwise be entitled, indemnify any director or other officer (other than an auditor) of the Company and any associated company against all losses and liabilities incurred by him in the actual or purported execution, or discharge, of his duties in relation to:

- a) the Company;
- b) any associated company; and
- c) any occupational pension scheme of which the Company or any associated company is a trustee

including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company, any associated company or any occupational pension scheme of which the Company or any associated company is a trustee; and

26.1.2 may, without prejudice to the provisions of Article 26.1.1, purchase and maintain insurance for any person who is or was a director or officer of the company or any associated company against any loss or liability which he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust or otherwise in relation to the Company, any associated company, any employees' share scheme of the Company or of any associated company or any occupational pension scheme of which the Company or any associated company is a trustee

where, for the purposes of this Article 26.1, companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

26.2 Paragraphs 38 and 39 of the Model Articles shall not apply to the Company.

# MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY GUARANTEE

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## PART 1 INTERPRETATION AND LIMITATION OF LIABILITY

### Defined terms

1. In the articles, unless the context requires otherwise—

"articles" means the company's articles of association;

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

"chairman" has the meaning given in article 12;

"chairman of the meeting" has the meaning given in article 25;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

"director" means a director of the company, and includes any person occupying the position of director, by whatever name called;

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

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

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

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

"participate", in relation to a directors' meeting, has the meaning given in article 10;

"proxy notice" has the meaning given in article 31;

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

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

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

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

### **Liability of members**

2. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for—

- (a) payment of the company's debts and liabilities contracted before he ceases to be a member,
- (b) payment of the costs, charges and expenses of winding up, and
- (c) adjustment of the rights of the contributories among themselves.

## **PART 2 DIRECTORS DIRECTORS' POWERS AND RESPONSIBILITIES**

### **Directors' general authority**

3. Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

### **Members' reserve power**

4.—(1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

### **Directors may delegate**

5.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and

(e) on such terms and conditions;

as they think fit.

(2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

### **Committees**

6.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

## **DECISION-MAKING BY DIRECTORS**

### **Directors to take decisions collectively**

7.—(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.

(2) If—

(a) the company only has one director, and

(b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

### **Unanimous decisions**

8.—(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

### **Calling a directors' meeting**

9.—(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

(2) Notice of any directors' meeting must indicate—

- (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.

(4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

#### **Participation in directors' meetings**

10.—(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—

- (a) the meeting has been called and takes place in accordance with the articles, and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

#### **Quorum for directors' meetings**

11.—(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

(2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.

(3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—

- (a) to appoint further directors, or
- (b) to call a general meeting so as to enable the members to appoint further directors.

#### **Chairing of directors' meetings**

12.—(1) The directors may appoint a director to chair their meetings.

(2) The person so appointed for the time being is known as the chairman.

(3) The directors may terminate the chairman's appointment at any time.

(4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.



### **Casting vote**

13.—(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

### **Conflicts of interest**

14.—(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

(3) This paragraph applies when—

- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;
- (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- (c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes—

- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
- (b) subscription, or an agreement to subscribe, for securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such securities; and
- (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

### **Records of decisions to be kept**

15. The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

### **Directors' discretion to make further rules**

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

## **APPOINTMENT OF DIRECTORS**

### **Methods of appointing directors**

17.—(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

- (a) by ordinary resolution, or
- (b) by a decision of the directors.

(2) In any case where, as a result of death, the company has no members and no directors, the personal representatives of the last member to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more members die in circumstances rendering it uncertain who was the last to die, a younger member is deemed to have survived an older member.

### **Termination of director's appointment**

18. A person ceases to be a director as soon as—

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) *[deleted]*
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

### **Directors' remuneration**

19.—(1) Directors may undertake any services for the company that the directors decide.

(2) Directors are entitled to such remuneration as the directors determine—

- (a) for their services to the company as directors, and
  - (b) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may—
- (a) take any form, and
  - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

#### **Directors' expenses**

20. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

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

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

## **PART 3**

### **MEMBERS**

#### **BECOMING AND CEASING TO BE A MEMBER**

#### **Applications for membership**

21. No person shall become a member of the company unless—

- (a) that person has completed an application for membership in a form approved by the directors, and
- (b) the directors have approved the application.

#### **Termination of membership**

22.—(1) A member may withdraw from membership of the company by giving 7 days' notice to the company in writing.

- (2) Membership is not transferable.
- (3) A person's membership terminates when that person dies or ceases to exist.

## ORGANISATION OF GENERAL MEETINGS

### Attendance and speaking at general meetings

23.—(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when—

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

### Quorum for general meetings

24. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

### Chairing general meetings

25.—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

### Attendance and speaking by directors and non-members

26.—(1) Directors may attend and speak at general meetings, whether or not they are members.

(2) The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting.

## **Adjournment**

**27.—(1)** If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

**(2)** The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

- (a)** the meeting consents to an adjournment, or
- (b)** it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

**(3)** The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

**(4)** When adjourning a general meeting, the chairman of the meeting must—

- (a)** either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
- (b)** have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

**(5)** If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

- (a)** to the same persons to whom notice of the company's general meetings is required to be given, and
- (b)** containing the same information which such notice is required to contain.

**(6)** No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## **VOTING AT GENERAL MEETINGS**

### **Voting: general**

**28.** A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

### **Errors and disputes**

**29.—(1)** No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

**(2)** Any such objection must be referred to the chairman of the meeting whose decision is final.

## **Poll votes**

**30.—(1)** A poll on a resolution may be demanded—

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

**(2)** A poll may be demanded by—

- (a) the chairman of the meeting;
- (b) the directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

**(3)** A demand for a poll may be withdrawn if—

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal.

**(4)** Polls must be taken immediately and in such manner as the chairman of the meeting directs.

## **Content of proxy notices**

**31.—(1)** Proxies may only validly be appointed by a notice in writing (a "proxy notice") which—

- (a) states the name and address of the member appointing the proxy;
- (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

**(2)** The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

**(3)** Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

**(4)** Unless a proxy notice indicates otherwise, it must be treated as—

- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
- (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

### **Delivery of proxy notices**

**32.—(1)** A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

(3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

(4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

### **Amendments to resolutions**

**33.—(1)** An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
- (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
- (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

(3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

## **PART 4 ADMINISTRATIVE ARRANGEMENTS**

### **Means of communication to be used**

**34.—(1)** Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

(2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

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

#### **Company seals**

35.—(1) Any common seal may only be used by the authority of the directors.

(2) The directors may decide by what means and in what form any common seal is to be used.

(3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

(4) For the purposes of this article, an authorised person is—

(a) any director of the company;

(b) the company secretary (if any); or

(c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

#### **No right to inspect accounts and other records**

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

#### **Provision for employees on cessation of business**

37. The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

### **DIRECTORS' INDEMNITY AND INSURANCE**

#### **Indemnity**

38.—(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

(a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,

(b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),

(c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.



(3) In this article—

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a "relevant director" means any director or former director of the company or an associated company.

#### **Insurance**

**39.—(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.**

(2) In this article—

- (a) a "relevant director" means any director or former director of the company or an associated company,
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.