

**THE COMPANIES ACT 1985 (as amended)**  
**COMPANY LIMITED BY GUARANTEE**  
**AND NOT HAVING A SHARE CAPITAL**

**ARTICLES OF ASSOCIATION**

**OF**

**PENNINE LANCASHIRE DEVELOPMENT COMPANY LIMITED (“the Company”)**

**1. PRELIMINARY**

The regulations contained in Table C in the Schedule to the Companies (Tables A to F) Regulations 1985 in force at the time of adoption of these Articles shall not apply to the Company and these Articles alone shall constitute the regulations of the Company.

**2. OPERATIVE CLAUSES**

In these Articles the following expressions have the following meanings unless inconsistent with the context:

**“these Articles”** the Articles of Association of the Company adopted from time to time;

**“Blackburn with Darwen”** Blackburn with Darwen Borough Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative borough of Blackburn with Darwen;

**“Board”** the board of Directors of the Company from time to time;

**“Board Chair”** the chairperson of the Board from time to time, as such person is appointed pursuant to these Articles;

<b>"Burnley"</b>	Burnley Borough Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative Borough of Burnley;
<b>"Companies Act 1985"</b>	the Companies Act 1985 (including any statutory modification or re-enactment thereof for the time being in force);
<b>"Companies Act 2006"</b>	the Companies Act 2006 (as amended from time to time);
<b>"clear days"</b>	in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
<b>"the directors"</b>	the directors from time to time of the Company or (as the context shall require) any of them acting as the Board of the Company;
<b>District Council</b>	a district council within the County of Lancashire as constituted on the date of adoption of these Articles and any other body, authority or corporation to which the functions of such District Council may from time to time have transferred.
<b>"Electronic Address"</b>	any address or number used for the purposes of sending or receiving documents or information by electronic means;
<b>"Electronic Form" and "Electronic Means"</b>	have the meaning given in Section 1168 of the Companies Act 2006;
<b>"executed"</b>	includes any mode of execution;
<b>"Governing Body"</b>	the group through which the duly authorised representatives of the members shall consider any matters requiring the attention of the members pursuant to the Statutes, any Relevant Agreement and these Articles;
<b>"Governing Body Chair"</b>	the chairperson of the Governing Body from

time to time, as such person is appointed pursuant to these Articles;

<b>“Governing Body Meeting”</b>	any meeting of the members of the Company convened in accordance with these Articles;
<b>“Hard Copy Form”</b>	has the meaning given in Section 1168 Companies Act 2006;
<b>“HCA”</b>	the Homes and Communities Agency;
<b>“HCA Director”</b>	a director nominated by HCA and appointed to the Board in accordance with these Articles;
<b>“Hyndburn”</b>	Hyndburn Borough Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative borough of Hyndburn;
<b>“Lancashire”</b>	Lancashire County Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative county of Lancashire;
<b>“members”</b>	each of Blackburn with Darwen, Burnley, Hyndburn, Lancashire, Pendle, Ribble Valley and Rossendale and any members subsequently admitted in accordance with <b>Article 3.1</b> (or any of them as the context may require);
<b>“Memorandum of Association”</b>	the memorandum of association of the Company;
<b>“NWDA”</b>	the Northwest Regional Development Agency;
<b>“NWDA Director”</b>	a director nominated by NWDA and appointed to the Board in accordance with these Articles;
<b>“office”</b>	the registered office of the Company;
<b>“Ordinary Directors”</b>	directors other than Public Sector Directors and reference to an <b>“Ordinary Director”</b> shall

be to any of them;

**“Pendle”**

Pendle Borough Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative Borough of Pendle;

**“Public Sector Director”**

a director appointed by a member in accordance with **Article 9.2** and reference to **“Public Sector Directors”** shall be to any of them;

**“Qualified Majority”**

the affirmative vote of the members with no more than two members voting against the resolution in question;

**“Relevant Agreement”**

any agreement entered into by the members from time to time regulating their involvement in the Company in addition to these Articles;

**“Ribble Valley”**

Ribble Valley Borough Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative Borough of Ribble Valley;

**“Rossendale”**

Rossendale Borough Council as constituted on the date of incorporation of the Company or any other successor body authority or corporation responsible for the provision of services to the administrative Borough of Rossendale;

**“seal”**

the common seal of the Company (if any);

**“secretary”**

the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

**“Statutes”**

the Companies Act 1985, the Companies Act 2006 and every other statute, order, regulation, instrument or other subordinate legislation for the time being in force relating

to companies and affecting the Company; and

**“the United Kingdom”** Great Britain and Northern Ireland.

Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Statutes but excluding any statutory modification thereof not in force when these Articles become binding on the Company.

The word “address” where it appears in these Articles includes postal address and electronic address and “registered address” shall be construed accordingly.

### 3. **MEMBERS AND THE GOVERNING BODY**

3.1 The subscribers to the Memorandum of Association and such other persons as are admitted to membership in accordance with these Articles shall be members of the Company. No person shall be admitted as a member of the Company unless by the unanimous approval of the Governing Body save that where a member shall cease to exist its statutory successor shall (on providing its confirmation to the Company that it wishes to do so) automatically become a member of the Company. Every person who wishes to become a member shall deliver to the Company an application for membership in such form as the directors require to be executed by him agreeing to be bound by the Memorandum of Association, these Articles and any Relevant Agreement and upon being so admitted his name shall be entered in the register of members of the Company.

3.2 In accordance with the terms of any Relevant Agreement, a member of the Company shall cease to be a member in the event of such member’s resignation, by the giving of written notice to the Company.

3.3 Without prejudice to **Articles 4, 5 and 6**, any decision requiring the attention and decision of the members shall be determined at a Governing Body Meeting, which shall be held at least four times in each financial year of the Company and at such other times as any three members shall require subject always to the notice requirements set out in the Statutes and **Article 5**.

3.4 Any matter to be determined at a meeting of the Governing Body shall, subject to at all times to the Statutes, require a simple majority save where any such matter is expressed as requiring a different majority and/or unanimity in any Relevant Agreement.

### 4. **GOVERNING BODY MEETINGS**

4.1 All general meetings of the Company shall be known as Governing Body Meetings.

4.2 The Company may in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it. An annual general meeting shall be held at such time and place as the Governing Body shall appoint.

4.3 The directors and/or not less than three members may require the secretary to convene a Governing Body Meeting and, at such time, shall confirm to the secretary the nature of the business to be considered at such Governing Body Meeting.

## 5. **NOTICE OF GOVERNING BODY MEETINGS**

5.1 Subject to the provisions of the Companies Act 2006 all Governing Body Meetings shall be called by at least fourteen clear days' notice but may also be called by shorter notice if it is so agreed in accordance with section 307(4) of the Companies Act 2006. The notice shall specify the time and place of the meeting and the general nature of the business to be transacted.

5.2 Notwithstanding that the Company does not have a share capital every notice convening a general meeting shall comply with the provisions of section 325(1) of the Companies Act 2006 as to giving information to members in regard to their rights to appoint proxies and in regard to notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the directors and to the auditors for the time being of the Company. Notice shall be given in accordance with the Companies Act 2006 that is, in Hard Copy Form, Electronic Form or by means of a website.

5.3 The Company may send a notice of meeting by making it available on a website or by sending it in Electronic Form and if notice is sent in either way it will be valid provided it complies with the relevant provisions of the Companies Act 2006.

## 6. **PROCEEDINGS AT GENERAL MEETINGS**

6.1 Subject to **Articles 6.3** no business shall be transacted at any general meeting unless a quorum is present. A quorum shall be five members present in person or by duly authorised representative (where appointed).

6.2 Each member shall give written notice from time to time to the secretary of the identity of such member's duly authorised representative(s) for the purpose of Governing Body Meetings. Each member shall procure that where a duly authorised representative of such member is present at a Governing Body Meeting such duly authorised representative has the requisite authority to attend, vote and speak at such Governing Body Meeting on all matters before such Governing Body Meeting. For the avoidance of doubt, although each member shall be entitled to appoint more than one duly authorised

representative from time to time, only one duly authorised representative shall be entitled to attend any Governing Body Meeting on behalf of such member.

- 6.3 If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed the member or members present in person or by duly authorised representative (where appropriate) entitled to vote upon the business to be transacted shall constitute a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.
- 6.4 The Governing Body may appoint, by Qualified Majority, any duly appointed representative of a member as the Governing Body Chair and may remove him by Qualified Majority from that office. Unless he is unwilling to do so, the Governing Body Chair shall preside at every meeting of the members.
- 6.5 If the Governing Body Chair is not present at any Governing Body Meeting and no other representative of a member is willing to act in such capacity, the members present shall choose the Board Chair or one of the other directors present to be chair of the meeting.
- 6.6 A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting.
- 6.7 The Governing Body Chair may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place.
- 6.8 Subject to **Article 3.4**, the Statutes and **Article 7**, at any Governing Body Meeting, a resolution put to the vote of the meeting shall (save where expressly stated otherwise in these Articles and/or any Relevant Agreement) be carried only on a majority vote in favour and shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Companies Act 1985, a poll may be demanded:
- 6.8.1 by the Governing Body Chair;
- 6.8.2 by at least 2 members having the right to vote at the meeting; or

6.8.3 by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting,

and a demand by a person as a duly authorised representative for a member shall be the same as a demand by the member.

6.9 Unless a poll is duly demanded a declaration by the Governing Body Chair that a resolution has been carried or not carried by a majority (or otherwise as the case may be) and an entry to that effect in the minutes of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

6.10 In the case of an equality of votes, whether on a show of hands or on a poll, the Governing Body Chair shall not be entitled to a casting vote.

6.11 A resolution in writing, executed by the requisite number of members required to pass a resolution by simply majority, Qualified Majority or unanimously (as the case may be and as required by the Statutes, these Articles and/or any Relevant Agreement) shall be valid and take effect as if it had been passed at a meeting duly convened and held. Any such resolution shall be circulated in writing or by Electronic Form by the secretary to all members and shall be accompanied by a statement informing members how to signify agreement to such resolution. A resolution in writing may consist of several instruments in the like form each executed by or on behalf of one or more members. In the event that the requisite number of executed resolutions required for the resolution to be passed are not returned within 28 days from the date that the resolution was sent to all members, the resolution shall be deemed not to have been passed by the members.

6.12 Wherever in these Articles any notice, resolution or other document is required to be signed by any person, the reproduction of the signature of such person by means of telex, printout, or facsimile copy shall be fully sufficient, provided that such notice, resolution or document shall within 14 days be confirmed to the recipient by writing signed in manuscript by such person.

## 7. **VOTES OF MEMBERS**

7.1 On a show of hands every member (being an individual) present in person or present by a duly authorised representative shall have one vote and on a poll every member present in person or by a duly authorised representative (as the case may be) shall have one vote.



8. **NUMBER OF DIRECTORS**

8.1 Unless and until otherwise unanimously agreed by the Board the number of directors shall be not less than 2 and not more than 13.

9. **APPOINTMENT OF DIRECTORS**

9.1 The first directors of the Company shall be those persons named in the statement delivered pursuant to section 10(2) of the Companies Act 1985 who shall be deemed to have been appointed under these Articles. Future directors shall be appointed as provided subsequently in these Articles.

9.2 Each of the members shall be entitled from time to time by notice in writing to appoint one person to be a Public Sector Director. Each such director appointed shall hold office as a director and may at any time be removed from office by notice in writing by the member which appointed that director.

9.3 The Governing Body may, by Qualified Majority, appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director including the appointment of a director for a fixed term provided that the appointment does not cause the number of directors to exceed any number fixed by these Articles as the maximum number of directors.

9.4 Subject always to the Governing Body's right to require the removal of an Ordinary Director as set out in **Article 13.1.5**, each Ordinary Director shall retire from office as director on the third anniversary of his/her appointment as a director of the Company unless the Governing Body extends such director's term of appointment provided that:

9.4.1 any such extension shall be for such period as the Governing Body deems appropriate. For the avoidance of doubt, there shall be no limit on the number of times the Governing Body shall be entitled to extend any such appointment; and

9.4.2 any such extension shall be determined by a Qualified Majority of the Governing Body.

9.5 The Public Sector Directors shall not be subject to retirement by rotation.

10. **ALTERNATE DIRECTORS**

10.1 Any Public Sector Director, the NWDA Director (for so long as an NWDA Director is appointed to the Board) and the HCA Director (for so long as an HCA Director is appointed to the Board) may appoint any person willing to act, to be an alternate director and may remove from office any alternate director at any time.

- 10.2 Directors who are not Public Sector Directors, the NWDA Director or the HCA Director shall not be entitled to appoint alternate directors.
- 10.3 An alternate director appointed pursuant to **Article 10.1** shall be entitled to receive notices of all meetings of directors and of all meetings of committees of directors of which his/her appointer is a member, to attend and vote at any such meeting at which his/her appointer is not present, and generally to perform all the functions of his/her appointer as a director in his/her absence but shall not be entitled to receive any remuneration from the Company for his/her services as an alternate director.
- 10.4 Any appointment or removal of an alternate director shall be by notice to the Company signed by the Public Sector Director, the NWDA Director or the HCA Director (as the case may be) making or revoking the appointment or in any other manner approved by the directors.

## 11. **POWERS OF DIRECTORS**

- 11.1 Subject to the provisions of the Statutes, the Memorandum of Association, any Relevant Agreement, these Articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration to the Memorandum of Association or of these Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this **Article 11.1** shall not be limited by any special power given to the directors by these Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
- 11.2 Subject always to committees or sub-committees conforming to any terms of reference and/or regulations imposed on it by the Governing Body and unless the Governing Body determines otherwise (in each case by the Governing Body acting by Qualified Majority) the Board may delegate any of its powers to committees or sub-committees consisting of such director or directors as the Board thinks fit provided always that each committee or sub-committee shall be comprised of at least 4 individuals, including at least three Public Sector Directors.
- 11.3 Each director sitting on a committee constituted under **Article 11.2** shall be entitled to one vote.
- 11.4 Any decision by a committee constituted under **Article 11.2** shall only be taken where a simple majority of the directors sitting on that committee have voted in favour of such decision.

11.5 Subject to this **Article 11**, the meetings and proceedings of such committee or sub-committee shall be governed by the provisions of these Articles for regulating the meetings and proceedings of the Board so far as applicable and so far as the same shall not be superseded by any regulations made by the Governing Body (acting by Qualified Majority). Insofar as such power is so delegated, any reference in these Articles to the exercise by the directors of such power shall be read and construed as if it were a reference to such committee or sub-committee.

## 12. **PROCEEDINGS OF THE DIRECTORS**

12.1 The Board may meet together for the despatch of business, adjourn and, regulate their meetings as they think fit providing always that the Board shall meet no less than four times in each financial year of the Company (save where otherwise agreed by a resolution of the Board). The Board Chair or not less than three directors may require the secretary to convene a Board meeting and, at such time, shall confirm to the secretary the nature of the business to be considered at such Board meeting. Save where otherwise required by these Articles and/or by any Relevant Agreement, questions arising at any meeting shall be decided by a majority of votes and each director shall have one vote. In case of an equality of votes, the Board Chair shall have a second or casting vote.

12.2 Subject to **Articles 12.5** and **12.6**:

12.2.1 no business shall be transacted at any Board meeting unless a quorum is present; and

12.2.2 a quorum shall be 5 Public Sector Directors present in person or by alternate director;

12.3 Continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, they may act only for the purpose of calling a general meeting.

12.4 Meetings of the Board and any committee or sub-committee thereof shall be summoned by not less than seven days' notice served on the directors and in the case of any committee or sub-committee meetings, on the members of such committee or sub-committee (save where a majority of the Public Sector Directors confirm to the secretary their agreement to the calling of a meeting on shorter notice). Any such notice must include an agenda circulated by the secretary of the matters to be discussed at any such meeting. A director who is absent from the United Kingdom shall not be entitled to notice of a meeting.

12.5 If a quorum is not present within half an hour from the time appointed for a meeting of the Board, the meeting of the Board shall stand adjourned to the

same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine.

12.6 Any director (including an alternate director) may participate in a meeting of the directors or a committee of the directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Statutes, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Board Chair of the meeting then is.

12.7 Subject to the provisions of the Statutes, and provided that he has disclosed to the directors the nature and extent of any interest of his, a director notwithstanding his office:

12.7.1 may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is in any way interested;

12.7.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

12.7.3 may or any firm or company of which he is a member or director may act in a professional capacity for the Company or any body corporate in which the Company is in any way interested; and

12.7.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

12.8 For the purposes of **Article 12.7**:

12.8.1 a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

12.8.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

12.8.3 an interest of a person who is for any purpose of the Statutes (excluding any statutory modification not in force when the Company was incorporated) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

12.9 Whenever a director has an interest in a matter to be discussed at a meeting of the directors (or a committee of the directors) the director concerned shall subject to any rules or policies of the Company or the terms of any authorisation given by the directors under **Article 12.10**:

12.9.1 unless the directors resolve otherwise, the director shall not be:

12.9.1.1 entitled to remain present at the meeting for that item;

12.9.1.2 counted in the quorum for that part of the meeting;

12.9.1.3 entitled to vote on the matter;

and for the avoidance of doubt where the director is a Public Sector Director and his interest is in a matter relating to his member appointor, he shall automatically be entitled to the rights at **Articles 12.9.1.1 to 12.9.1.3** (inclusive) notwithstanding a resolution of the Board to the contrary.

12.10 The directors may, at any time authorise a director to be involved in a situation in which the director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company ("a conflict of interest") provided that:

12.10.1 in the case of a proposed appointment of a person as a director, the directors will authorise the conflict of interest before or at the time the director is appointed to office;

12.10.2 in the case of any director the directors authorise the conflict of interest at the time the conflict is declared to them;

12.10.3 the director subject to the conflict of interest or any other interested director shall not vote and shall not be counted in the quorum in respect of the authorisation given under this **Article 12.10** and if he or any other interested director does vote, those votes shall not be counted;

- 12.10.4 the directors may in their absolute discretion impose such terms or conditions on the grant of the authorisation as they think fit and in doing so the directors will act in good faith in such a way that they consider will be most likely to promote the success of the Company;
- 12.10.5 a director will not be in breach of his duty under sections 172, 174 and 175 of the Companies Act 2006 or the authorisation given by this **Article 12.10** by reason only that he received confidential information from a third party relating to the conflict of interest which has been authorised by this **Article 12.10** and either fails to disclose it to the directors or fails to use it in relation to the Company's affairs and neither will be in breach of his duty under the said section 175 for anything done or omitted to be done by him in accordance with the provisions of **Articles 12.8** and **12.9**; and
- 12.10.6 where approval to a transaction which falls within Chapter 4 of Part 10 of the Companies Act 2006 is given by members in accordance with that Chapter further authorisation for that transaction by the Directors under this **Article 12.10** is not necessary.
- 12.10.7 for the purposes of **Article 12.10**, "conflict of interest" includes a conflict of interest and a conflict of duty and a conflict of duties.
- 12.10.8 for the avoidance of doubt where a conflict of interest of a Public Sector Director relates to:
- 12.10.8.1 any matter relating to his member appointor;
- 12.10.8.2 a contract or arrangement with any member or a District Council or any authority body or undertaking in the County of Lancashire merely by reason that he or his spouse is a member, officer or employee of any member, or any District Council or is a resident or charge payer in the County of Lancashire;
- 12.10.9 any such conflict of interest shall be approved by the directors, or by a resolution of his member appointor. Any refusal or delay by the Board to authorise such a conflict of interest will not in any way affect the validity of the resolution of the relevant member appointor to authorise such conflict of interest.
- 12.11 The Company shall maintain a register of conflicts declared in accordance with this **Article 12**.
- 12.12 The Governing Body may, by Qualified Majority appoint any director to be the Board Chair (providing always that at no time shall the Board Chair and the

Governing Body Chair be the same person save in the circumstances permitted by **Article 6.7**) and may remove him, by Qualified Majority, from that office from time to time. Unless he is unwilling to do so, the Board Chair so appointed shall preside at every meeting of the directors at which he is present.

12.13 Subject always to the Governing Body's right to appoint and remove the Board Chair from time to time in accordance with **Article 12.13**, the Board Chair shall retire from office on the third anniversary of his/her appointment as Board Chair unless the Governing Body extends the Board Chair's term of appointment provided that:

12.13.1 any such extension shall be for such period as the Governing Body deems appropriate. For the avoidance of doubt there shall be no limit on the number of times the Governing Body shall be entitled to extend such appointment; and

12.13.2 any such extension shall be determined by a Qualified Majority of the Governing Body.

12.14 A resolution in writing, signed by:

12.14.1 a simple majority of the Board, such majority to include no less than four Public Sector Directors; or

12.14.2 a simple majority of a committee constituted pursuant to **Article 11**; (as the case may be)

shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) such a committee duly convened and held and may consist of several documents in the like form each signed by one or more directors or members of the committee (as the case may be).

12.15 Where the Board considers such attendance worthwhile or necessary to the matters to be transacted at the relevant meeting of the Board, it shall be entitled to invite relevant third parties to attend any meeting of the Board as observers providing that the secretary has received reasonable prior notification of such attendance and that such third parties agree to be bound by obligations of confidentiality reasonably acceptable to the Company and such observer shall subject to the agreement of the Board be entitled to speak at that meeting of the Board.

12.16 For the avoidance of doubt, no observer shall count in the quorum or be entitled to vote at any meeting of the Board.

### 13. **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

13.1 The office of a director shall be vacated if:

- 13.1.1 he ceases to be a director by virtue of any provision of the Statutes or these Articles or he becomes prohibited by law from being a director; or
- 13.1.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 13.1.3 he is, or may be, suffering from mental disorder and either:
  - 13.1.3.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
  - 13.1.3.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- 13.1.4 such director resigns his office by notice to the Company; or
- 13.1.5 in the case of an Ordinary Director, the Governing Body determines, by Qualified Majority, that such Ordinary Director shall be removed from office; or
- 13.1.6 such director is a Public Sector Director and is removed from office by his member appointor in accordance with Article 9.2;
- 13.1.7 in the case of a director appointed for a fixed term, that fixed term expires (save where extended pursuant to Article 9.4); or
- 13.1.8 such director ceases to be a member, officer or employee of the member appointing him/her (as appropriate) or the entity nominating him/her (as appropriate) as a director.

#### 14. **CHIEF EXECUTIVE**

- 14.1 The Governing Body shall be entitled to appoint and remove a chief executive of the Company by Qualified Majority.

#### 15. **SECRETARY**

- 15.1 Subject to the provisions of the Companies Act 1985, the secretary shall be appointed by the members (acting unanimously) for such term, such remuneration and upon such conditions as they think fit, and any secretary so appointed may be removed by the members (acting unanimously), provided



always that no director may hold office as secretary where such office is remunerated.

## 16. REMUNERATION AND EXPENSES

16.1 The Company may, in accordance with any scheme adopted by the Governing Body (acting by Qualified Majority), reimburse any director for reasonable and proper out of pocket expenses incurred by any such director in connection with the performance of his or her duties as a director of the Company, save that the Company shall not reimburse expenses which may be recoverable from a member by a Public Sector Director.

16.2 The Company shall pay such remuneration to the chief executive of the Company from time to time and to the Board Chair as is determined and approved by the Governing Body (acting by a Qualified Majority).

## 17. THE SEAL

If the Company has a seal it shall be used only with the authority of the directors or of a committee of the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined, every instrument to which the seal is affixed shall be signed by one director whose signature shall be attested in the presence of a witness or by one director and the secretary or another director.

## 18. MINUTES

18.1 The directors shall cause minutes to be made and kept for the purposes of:

18.1.1 recording the names and addresses of all the members;

18.1.2 all appointments of officers made by the directors; and

18.1.3 all proceedings at meetings of the Company and of the directors and of committees constituted pursuant to **Article 11.2** including the names of directors and members present at each such meeting.

## 19. NOTICES

19.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing except that a notice calling a meeting of the directors need not be in writing.

19.2 The Company may give notice to a member either personally or by sending it by first class post in a pre paid envelope addressed to the member at his registered address or by leaving it at that address or (if he has no registered address in the United Kingdom) to or at that address, if any, within the United Kingdom

supplied by him to the Company for the giving of notices to him, but otherwise no such member shall be entitled to receive any notice from the Company.

- 19.3 Where a notice is sent by first class post, proof of the notice having been posted in a properly addressed, prepaid envelope shall be conclusive evidence that the notice was given and shall be deemed to have been given at the expiration of 24 hours after the envelope containing the same is posted. Where a notice is sent in Electronic Form, the notice shall be deemed to have been given at the expiration of 24 hours after the time of transmission.
- 19.4 Where a notice is sent by making it available on a website, the notice shall be deemed to have been given either when it was first made available on the website or when the member received or was deemed to have received notice of the fact that the notice was available on the website.
- 19.5 Where the Statutes permit the Company to send documents or notices to its members and directors in Electronic Form or by means of a website such documents and notices will be validly sent provided the Company complies with the requirements of the Statutes. Subject to any requirements of the Statutes, documents and notices may be sent to the Company in Electronic Form to the address specified by the Company for that purpose and such documents or notices sent to the Company are sufficiently authenticated if the identity of the sender is confirmed in the way the Company has specified.

## 20. **WINDING UP**

Clause 8 of the Memorandum of Association relating to the winding-up and dissolution of the Company shall have effect as if the provisions thereof were repeated in these Articles.

## 21. **INDEMNITY**

- 21.1 Subject to the provisions of, and so far as may be permitted by, the Statutes but without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every director, alternate director, secretary or other officer of the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the lawful execution of the duties, powers or office or otherwise in relation thereto, including any liability which may attach to him or be incurred by him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, alternate director, secretary or other officer of the Company.
- 21.2 The directors shall have power to purchase and maintain insurance for any director, alternate director, secretary, auditor or other officer of the Company or

any associated company (as defined in section 256 of the Companies Act 2006) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company) including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, alternate director, auditor, secretary or other officers of the Company (or associated company).

21.3 Subject to the provisions of, and so far as may be permitted by the Statutes, the Company shall be entitled to fund the expenditure of every director, or other officer of the Company incurred or to be incurred:

21.3.1 in defending any criminal or civil proceedings; or

21.3.2 in connection with any application under sections 144(3), 144(4) or 1157 of the Companies Act 2006.