

22nd July 2022

**ARTICLES OF ASSOCIATION of
ADVANCE NORTHUMBERLAND (HOUSING) LIMITED**

COMPANY REGISTRATION NUMBER 02042296
A PRIVATE COMPANY LIMITED BY SHARES
INCORPORATED ON 30th July 1986

INDEX TO THE ARTICLES

**PART 1
PRELIMINARY MATTERS**

1. Defined terms
2. Objects
3. Powers
4. Liability of members

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

5. Directors' general authority
6. Shareholders' reserve power
7. Shareholders' Reserved Matters and the Business Plan
8. Directors may delegate
9. Committees Generally
10. Specific Committees
11. Policies

DECISION-MAKING BY DIRECTORS

12. Directors to take decisions collectively
13. Unanimous decisions
14. Calling a Directors' meeting
15. Participation in Directors' meetings
16. Quorum for Directors' meetings
17. Chairing of Directors' meetings
18. Casting vote and the Right to Veto
19. Conflicts of interest
20. Records of decisions to be kept
21. Directors' discretion to make further rules

APPOINTMENT OF DIRECTORS

22. Methods of appointing Directors
23. Termination of Director's appointment



- 24. Directors' remuneration
- 25. Directors' expenses

PART 3 SHARES AND DISTRIBUTIONS SHARES

- 26. All shares to be fully paid up
- 27. Powers to issue different classes of share
- 28. Purchase of own shares
- 29. Company not bound by less than absolute interests
- 30. Share certificates
- 31. Replacement share certificates
- 32. Share transfers
- 33. Transmission of shares
- 34. Exercise of transmitters' rights
- 35. Transmitters bound by prior notices

DIVIDENDS AND OTHER DISTRIBUTIONS

- 36. Procedure for declaring dividends
- 37. Dividend Policy
- 38. Payment of dividends and other distributions
- 39. No interest on distributions
- 40. Unclaimed distributions
- 41. Non-cash distributions
- 42. Waiver of distributions

CAPITALISATION OF PROFITS

- 43. Authority to capitalise and appropriation of capitalised sums

PART 4 DECISION-MAKING BY SHAREHOLDERS ORGANISATION OF GENERAL MEETINGS

- 44. Members
- 45. General Meetings
- 46. Notice of general meetings
- 47. Attendance and speaking at general meetings
- 48. Quorum for general meetings
- 49. Chairing general meetings
- 50. Attendance and speaking by Directors and non-shareholders
- 51. Adjournment

VOTING AT GENERAL MEETINGS

- 52. Voting: general
- 53. Errors and disputes
- 54. Poll votes
- 55. Content of proxy notices
- 56. Delivery of proxy notices
- 57. Amendments to resolutions
- 58. Policy and Practice
- 59. Shareholder exercise of its powers rights and responsibilities

PART 5 ADMINISTRATIVE ARRANGEMENTS

- 60. Company Secretary
- 61. Means of communication to be used
- 62. Company seals
- 63. No right to inspect accounts and other records
- 64. Provision for employees on cessation of business
- 65. Whistleblowing

DIRECTORS' INDEMNITY AND INSURANCE

- 66. Indemnity
- 67. Insurance

OTHER

- 68. Subsidiaries
- 69. Public Body Considerations
- 70. Relevant Agreements

Schedule 1 Reserved Matters

PART 1

PRELIMINARY MATTERS

Defined terms

1.1 In the Articles, unless the context requires otherwise—

"Articles" means the Company's Articles of association;

"Associated Company" means the Holding Company and a company (other than a Subsidiary) in which the Company or its Holding Company has an interest;

"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;

"Board" means a meeting of the Directors of the Company in accordance with these Articles;

"Business Plan" means the business plan and budget of the Company (and in appropriate circumstances of any Subsidiary or Associated Company) and including any variations and any subsequent business plan and budget of the Company or variations from time to time, in accordance with the approval and requirements of the Controlling Shareholder;

"the Company" means Advance Northumberland (Housing) Limited a company registered in England with company registration number 02042296 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

"Consultant" means a firm or person who offers professional or expert advice on the provision of services by the Company or who undertakes work in the name of the Company but who is not an employee of the Company.

"Chair" (and "Vice-Chair") has the meaning given in Article 17;

"chair of the meeting" has the meaning given in Article 49;

"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;

"Conflict" means a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

"Controlling Shareholder" means the Council;

"Controlling Shareholder Representative" means an individual appointed by the Controlling Shareholder from time to time to act on behalf of the Council in its capacity as shareholder of the Holding Company;

"Council" means Northumberland County Council

'council Director' means a Director of the Company that is also employed as an officer of the Council or is an elected member of the Council

"Director" means a Director of the Company, registered at Companies House and includes any person occupying the position of Director, by whatever name called;

"distribution recipient" has the meaning given in Article 38;

"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;

"Eligible Director" means 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);

"Financial Threshold" means the amount in pounds sterling as notified in writing to the Company or Holding Company from time to time by the Controlling Shareholder Representative or as agreed in the Business Plan;

"Financial Year" means a financial accounting period of 12 months ending on the municipal financial year 31st March Company's Accounting Reference Date;

"FRC" means the Financial Reporting Council or such other successor body or organisation from time to time carrying out the same or similar functions as the FRC.

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

"Group" means in relation to a Company, that Company, any subsidiary or holding Company from time to time of that Company, and any subsidiary from time to time of a

holding Company of that Company; and each Company in a Group is a member of the Group.

"Holding Company" means Advance Northumberland Limited a company registered in England with company registration number 11161983 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

"holding Company" and "subsidiary" means a "holding Company" and "subsidiary" as defined in section 1159 of the Companies Act 2006 (the Act);

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

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"Insolvency" means any of the following:

- (a) the presentation of a petition, or the convening of a meeting for the purpose of considering a resolution, for the winding up or dissolution of, the passing of any resolution for the winding up or dissolution of, or the making of a winding up order against or order for the dissolution of, a party;
- (b) the appointment of a receiver, administrative receiver, receiver and manager, administrator, sequestrator or similar officer over all or any of the assets or undertaking of a party, the making of an administration application or presentation of a petition for an administration order, or the making of an administration order, in relation to a party;
- (c) the proposal of, application for or entry into of a compromise or arrangement or voluntary arrangement, or any other scheme, composition or arrangement in satisfaction or composition of any of its debts or other arrangement for the benefit of its creditors generally, by a party with any of its creditors (or any class of them) or any of its Shareholders (or any class of them) or the taking by any party of any action in relation to any of the same or the filing of any documentation for the purpose of obtaining a moratorium pursuant to section 1A and paragraph 7 of schedule A1 of IA in relation to a party;
- (d) the taking by any creditor (whether or not a secured creditor) of possession of, or the levying of distress or enforcement or some other process upon, all or part of the property, assets or undertaking of a party;
- (e) the deemed inability of a party which is a Company to pay its debts within the meaning of section 123 of IA or a party which is an individual appearing to be unable to pay a debt or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of IA;
- (f) the suspension of payment of debts by a party or the inability or admission of inability of a party to pay its debts as they fall due;
- (g) the ceasing by a party to carry on the whole or a substantial part of its business;

(h) the presentation of a petition for bankruptcy, or the making of a bankruptcy order, in respect of a party, the occurrence of circumstances in respect of a party which would enable the presentation of a bankruptcy petition under part IX of IA or the making of an application for an interim order or the making of an interim order under section 252 of IA in relation to a party; or

- the occurrence of an event or circumstance in relation to a party similar to any of those referred to in paragraphs (a) to (h) above in any jurisdiction other than England and Wales

and the term "**Insolvent**" shall be construed accordingly;

"instrument" means a document in hard copy form;

"Member Director" means a Director of the Company who is also an elected member of the Controlling Shareholder;

"Non-Member Director" means a Director of the Company who is not an elected member of the Controlling Shareholder;

"Officer Director" means a Non-Member Director of the Company who is an employee of the Controlling Shareholder;

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

"paid" means paid or credited as paid;

"participate", in relation to a Directors' meeting, has the meaning given in Article 15;

"proxy notice" has the meaning given in Article 55;

"Relevant Agreements" means any shareholder agreement entered into between the Holding Company and the Controlling Shareholder in which the Controlling Shareholder Representative acts on behalf of the Council in its capacity as shareholder of the Holding Company, or any agreement specifically named as such;

"Reserved Matters" means those matters that are reserved to the Controlling Shareholder under these Articles in connection with the Company and as set out in Schedule 1;

"shareholder" means a person who is the holder of a share;

"shares" means shares in the Company;

"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;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; 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.

- 1.2. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as those contained in the Companies Act 2006 in force on the date when these Articles become binding on the Company.
- 1.3. Headings in these 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 a numbered Article is a reference to the relevant Article of these Articles unless expressly provided otherwise.
- 1.5. Unless expressly provided otherwise in these Articles, 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 made under it, whether before or after the date of adoption of these Articles; and
 - 1.5.2. any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.7. Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.8. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.9. A reference to a holding company or subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.

2. Objects

- 2.1 To carry on the business or businesses of regeneration, buying, selling, developing, promoting, marketing, supplying, trading, dealing in any manner whatsoever in the furtherance of the advancement, promotion and support of the financial, environmental, economic, and social objectives of the Council which shall include acting for a commercial purpose.

3. Powers

- 3.1 The Company's powers are not limited to but expressly include the acquisition or disposal of any property or rights or any expenditure, borrowing or lending, to advance or that is incidental to its object(s).
- 3.2 The Company shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless expressly restricted or prohibited by these Articles.

4. Liability of members

- 4.1 The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2
DIRECTORS
DIRECTORS' POWERS AND RESPONSIBILITIES

5. Directors' general authority

- 5.1 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.

6. Shareholders' reserve power

- 6.1 The Holding Company may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 6.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.
- 6.3 Notwithstanding Article 6.1 the Company shall co-operate with the Controlling Shareholder and comply with any request or directions made by the Controlling Shareholder to fulfil its obligations to the Council under any Relevant Agreement or otherwise including but not limited to attendance at any meetings, providing any disclosure, information or assistance.

7. Shareholders' Reserved Matters and the Business Plan

- 7.1 Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company shall not, without the prior written approval of the Controlling Shareholder, carry out any of the Reserved Matters except where specifically included within the approved Business Plan.
- 7.2 The Controlling Shareholder acknowledges that it has in place arrangements for the prompt determination of any such request.
- 7.3 The Company shall prepare a Business Plan for each Financial Year for approval by the Controlling Shareholder.

8. Directors may delegate

- 8.1 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.
- 8.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

- 8.3 The Directors may revoke any delegation in whole or part or alter its terms and conditions.

9. Committees Generally

- 9.1 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.
- 9.2 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.

10. Specific Committees

- 10.1 Subject to Article 8.3 and Article 9, the Directors shall establish:

(a) a nominations and remuneration committee to assist the board fulfil its responsibility to the Controlling Shareholder to ensure that:

- (i) remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and
- (ii) executive remuneration is aligned to Company purpose and values and linked to delivery of the Company's long-term strategy.

(b) an audit committee to:

- (i) carry out an appropriate role or functions of such a committee for the Company;
- (ii) report as required to the Controlling Shareholder's designated Group Audit Committee.

(c) any other committee requested to be established by the Controlling Shareholder Representative for the Group.

- 10.2 These committees shall:

- (a) have a quorum of at least three Directors,
- (b) make recommendations for approval by the board, except for those appointments falling within the Reserved Matters, in which case the committee shall also make recommendations to the Controlling Shareholder.

11. Policies

- 11.1 The Company shall apply and adopt in its own right and to any of its subsidiaries the following matters, including any initiated by the Controlling Shareholder or the Holding Company, across and within the Group namely ;

- (a) common policies such as those in respect of branding, ethos and ethics so far as is practical and appropriate to the needs of the business,

(b) in respect of other policies such as financial procedures, fraud, whistleblowing, employment and health and safety policies, ensure consistency so far as practical and appropriate to the needs of the business,

(c) that no changes are made to any such policies by any subsidiary without the Holding Company's approval, and

(d) in respect of any Associated Company it shall use its reasonable endeavours to secure a similar compliance on approach to all such policies as required by this Article.

- 11.2 The Company shall develop, recommend for Controlling Shareholder approval as a Reserved Matter, adopt, implement and keep under review a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and provide a copy of the latest version to the Controlling Shareholder. The Company shall, in respect of any subsidiary ensure that the subsidiary adopts the same practice and shall approve all such schemes.

DECISION-MAKING BY DIRECTORS

12. Directors to take decisions collectively

- 12.1 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 this Article 12.
- 12.2 A decision of the Directors may take the form of a resolution in writing, where a majority of the Eligible Directors have signed one or more copies of it, or to which a majority of the Eligible Directors have each otherwise indicated agreement in writing.
- 12.3 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.
- 12.4 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.

13. Unanimous decisions

- 13.1 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.
- 13.2 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.
- 13.3 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.

14. Calling a Directors' Meeting

- 14.1 Any Director or the Controlling Shareholder Representative 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.

- 14.2 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.
- 14.3 Notice of a Directors' meeting must be given to each Director and the Controlling Shareholder Representative but need not be in writing.
- 14.4 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 seven (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.

15. Participation in Directors' Meetings

- 15.1 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.
- 15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 15.3 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.
- 15.4 The Controlling Shareholder Representative shall be entitled to attend and speak at any Directors' meeting but shall not have the right to vote on any matter put to the Directors.

16. Quorum for Directors' Meetings

- 16.1. Subject to Article 16.2, the quorum for the transaction of business at a Directors' meeting is any three (3) Eligible Directors or fifty per cent (50%) of the Directors in office (whichever shall be the greater in number) comprising one (1) Member Director and two (2) Non-Member Directors (one of which must be an Officer Director) or where there is only one Director in office for the time being, that Director subject to Article 16.2.
- 16.2. For the avoidance of doubt and notwithstanding Article 22, where there is only one Director in office, the only business which the sole Director may transact is to pass those board resolutions required to appoint a further Director in accordance with Article 22.
- 16.3. For the purpose of any meeting (or part of a meeting) held pursuant to Article 19 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (as defined in Article 19.4), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

- 16.4 If at any point the meeting is no longer quorate due to the departure of an Eligible Director the meeting shall either be adjourned for up to ten minutes until a quorum is achieved during which period no business shall be transacted or shall be terminated forthwith at the option of the Chair.

17. Chairing of Directors' Meetings

- 17.1. The Controlling Shareholder Representative shall appoint both a Chair and a Vice-Chair from the board of Directors to chair the meetings of Directors.
- 17.2. The Controlling Shareholder may terminate the Chair and Vice-Chair's appointment at any time. For the avoidance of doubt, termination in accordance with this Article 17.2 shall not automatically result in the Chair and/or Vice-Chair being removed from their office as a Director of the Company.
- 17.3. If neither the Chair nor the Vice-Chair is participating in a Director's meeting within ten (10) minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair the meeting. For the avoidance of doubt, such appointment shall be for the term of the current meeting only.

18. Casting Vote

- 18.1 If the numbers of votes for and against a proposal are equal, the Chair or other Director chairing the meeting has a casting vote.
- 18.2 But this does not apply if, in accordance with the Articles, the Chair or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19. Conflicts of interest

- 19.1 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.
- 19.2 But 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 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 as defined in Article 19.3
- 19.3 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 shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or 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.
- (d) a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Shareholder or a relevant Company.
- (e) In this Article 19, a "relevant Company" means:
 - (i) the Company; the holding Company of the Company, all subsidiaries and subsidiary undertakings of the Company and its holding Company, the Council and its subsidiary companies; or
 - (ii) any other body corporate promoted by the Company or the Council or in which the Company or Council is otherwise interested and
 - (iii) which for the avoidance of doubt includes an Associated Company.

- 19.4 Subject to Article 19.5, the Directors may, in accordance with the requirements set out in this Article 19, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.
- 19.5 Directors may not without the prior consent of the Controlling Shareholder as a Reserved Matter authorise any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.
- 19.6 Any authorisation under this Article 19.4 will be effective only if:
- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 19.7 Any authorisation of a Conflict under this Article 19 may (whether at the time of giving the authorisation or subsequently) impose on the Interested Director such conditions or limitations, or be granted subject to such terms, as the Directors may think fit for the purposes of dealing with the Conflict and the Interested Director will be obliged to conduct himself in accordance with any such terms and conditions.
- 19.8 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.
- 19.9 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested in, any member of the Group and no further authorisation under Article 19 shall be necessary in respect of any such interest.

- 19.10A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit that he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles, by the Company or by these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be voided on such grounds.
- 19.11 For the purposes of this Article, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.
- 19.12 Subject to 19.13, 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 Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.
- 19.13 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 19.14 The question of whether a Director shall physically leave a meeting shall be referred to the Chair whose ruling in relation to any Director is to be final and conclusive.

20. Records of Decisions to be Kept

- 20.1 The Directors must ensure that the Company keeps a record, in writing, for 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

21. Directors' Discretion to Make Further Rules

- 21.1 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.
- 21.2 Notwithstanding any other provision of the Articles, the Controlling Shareholder Representative shall be entitled to propose a resolution of the Company.

APPOINTMENT OF DIRECTORS

22. Methods of Appointing Directors

- 22.1. The minimum number of Directors shall be three (3).
- 22.2. 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 following a nomination by the Directors and/or the Controlling Shareholder approved by Ordinary Resolution.
- 22.3 The appointment of Directors takes effect on the date on which the notice of the Ordinary Resolution is received by the Company or, if a later date is given in the notice, on that date.

- 22.4 Upon receipt of the notice of the appointment of a Director to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Director as a Director of all subsidiary companies.
- 22.5 The Directors may appoint a person temporarily either to make up the number of Directors to be sufficiently quorate for a Directors' meeting or to fill a vacancy that has unexpectedly arisen where this is reasonably required for the proper running and management of the Company. Such Directors shall hold office only until a notice of appointment or such other determination has been received from the Controlling Shareholder.
- 22.6 No other Directors shall be appointed other than as permitted by the Articles.
- 22.7 Subject to prior consent of the Controlling Shareholder as a Reserved Matter, the Directors may enter into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.

23. Termination of Director's Appointment

- 23.1 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) 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;
- (f) he/she in the circumstances of being an elected member or officer of the Council appointed as a Director ceases to be an elected member or officer of the Council who appointed him/her unless notified otherwise by the Shareholder.

- 23.2 Notwithstanding the provisions of Article 23.1, the Controlling Shareholder may at any time and from time to time by notice in writing to the Company remove from office any Director.
- 23.3 Subject to consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of any Director.
- 23.4 A person who ceases to be a Director of the Company immediately ceases to be a Director of all subsidiary companies.

24. Directors' Remuneration

- 24.1. Directors may undertake any services for the Company that the Directors decide.
- 24.2. Directors are entitled to such remuneration as the Controlling Shareholder determines:

- (a) for their services to the Company as Directors, and
- (b) for any other service which they undertake for the Company.

24.3. 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.

24.4. Unless the Controlling Shareholder decides otherwise, Directors' remuneration accrues from day to day.

24.5 Directors are 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.

24.6 If a decision is made pursuant to these Articles to remunerate any elected members or officers of the Council acting as Directors for the Company then they shall not be paid any remuneration or reimbursement of expenses greater than that to which he/she would have been entitled to in comparable circumstances had they been carrying out similar duties with the Council.

25. Directors' Expenses

25.1 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 any class of shares or of debentures of the Company, or
- (d) other meetings, events or conferences or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

26. All Shares to be Fully Paid Up

26.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

26.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

27. Powers to Issue Shares

27.1 The Directors shall not exercise any power of the Company to allot shares or other securities in, or to grant rights to subscribe for, or convert into, shares or other securities of, the Company without the prior written consent of a Controlling Shareholder. Without limitation, the powers of the Directors under section 550 of the Act are limited accordingly.

28. Purchase of Own Shares

- 28.1 Subject to the Companies Act 2006 but without prejudice to any other provisions of these Articles, the Company may purchase its own shares including (without limitation) with cash up to any amount in a financial year not exceeding the thresholds set out in that Act.

29. Company not Bound by Less Than Absolute Interests

- 29.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

30. Share Certificates

- 30.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 30.2 Every certificate must specify—
- (a) in respect of how many shares, of what class, it is issued;
 - (b) the nominal value of those shares;
 - (c) that the shares are fully paid; and
 - (d) any distinguishing numbers assigned to them.
- 30.3 No certificate may be issued in respect of shares of more than one class.
- 30.4 If more than one person holds a share, only one certificate may be issued in respect of it.
- 30.5 Certificates must—
- (a) have affixed to them the Company's common seal, or
 - (b) be otherwise executed in accordance with the Companies Acts.

31. Replacement share certificates

- 31.1 If a certificate issued in respect of a shareholder's shares is:
- (a) damaged or defaced, or
 - (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- 31.2 A shareholder exercising the right to be issued with such a replacement certificate:
- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
 - (b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
 - (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

32. Share Transfers

- 32.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 32.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 32.3 The Company may retain any instrument of transfer which is registered.
- 32.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 32.5 The Directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

33. Transmission of Shares

- 33.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 33.2 A transmittee who produces such evidence of entitlement to shares as the Directors may properly require:
 - (a) may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 33.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

34. Exercise of Transmittees' Rights

- 34.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- 34.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 34.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

35. Transmittees Bound by Prior Notices

- 35.1 If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

36. Procedure for Declaring Dividends

- 36.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 36.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount subject to Article 37. Such a dividend must not exceed the amount recommended by the Directors.
- 36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 36.4 Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 36.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 36.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 36.7 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

37. Dividend Policy

- 37.1 The Company will produce a dividend policy to be approved by the Controlling Shareholder and the Directors will only recommend a dividend in accordance with the Dividend Policy.
- 37.2 The Company shall obtain the Controlling Shareholder's approval to the dividend policy for any of its subsidiaries (if any).

38. Payment of dividends and other distributions

- 38.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Directors may otherwise decide; or
 - (d) any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.
- 38.2 In the Articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or

- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

39. No Interest on Distributions

- 39.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the Controlling Shareholder and the Company.

40. Unclaimed Distributions

- 40.1 All dividends or other sums which are:
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- 40.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 40.3 If:
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

41. Non-cash Distributions

- 41.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).
- 41.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
- (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

42. Waiver of Distributions

- 42.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—
- (a) the share has more than one holder, or
 - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

43. Authority to Capitalise and Appropriation of Capitalised Sums

43.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

43.2 Capitalised sums must be applied:

- (a) on behalf of the persons entitled, and
- (b) in the same proportions as a dividend would have been distributed to them.

43.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.5 Subject to the Articles the Directors may:

- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
- (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and
- (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

44. Members

44.1 Any member that is a corporate or public body shall appoint (and may remove and replace) a duly authorised representative which shall be evidenced in writing signed by one of its senior officers being the Chief Executive, S.151 Officer, Monitoring Officer or any such deputy officers. The person so authorised shall be the Controlling Shareholder Representative and shall act at any meeting of the Company and shall be entitled to exercise the same powers on behalf of the member which he/she

represents as the member could exercise if it were an individual member of the Company and such member shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

45. General Meetings

45.1 The Company shall not be obliged to hold general meetings.

46. Notice of General Meetings

46.1 General meetings shall be called by at least fourteen clear days' notice to the Controlling Shareholder but a general meeting may be called by shorter notice if it is agreed by all the members entitled to attend and vote.

46.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted or as otherwise required by the Controlling Shareholder.

46.3 Subject to the provisions of the Articles and to any restrictions imposed on shares the notice shall be given to all the members and to the Directors and Auditors.

46.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceeds at that meeting.

47. Attendance and Speaking at General Meetings

47.1 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.

47.2 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.

47.3 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.

47.4 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.

47.5 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.

48. Quorum for General Meetings

48.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

- 48.2 Where the Company has only one shareholder for the time being, one qualifying person (as defined in section 318 of the Act) being a duly authorised representative or proxies for the Controlling Shareholder present at the meeting shall be a quorum.

49. Chairing general meetings

- 49.1 The Chair appointed in accordance with Article 17 shall chair general meetings if present and willing to do so. If the Chair is unable to chair the meeting the Vice-Chair shall take his place.
- 49.2 If the Shareholder has not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start then the meeting must appoint a Director or the Controlling Shareholder Representative to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.
- 49.3 The person chairing a meeting in accordance with this Article is referred to as “the chair of the meeting”.

50. Attendance and Speaking by Directors and Non-Shareholders

- 50.1 Directors and representatives of the Council may attend and speak at general meetings, whether or not they are shareholders.
- 50.2 The chair of the meeting may permit other persons who are not:
- (a) shareholders of the Company, or
 - (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
- to attend and speak at a general meeting.

51. Adjournment

- 51.1 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 chair of the meeting must adjourn it.
- 51.2 The chair 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 chair 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.
- 51.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 51.4 When adjourning a general meeting, the chair 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.
- 51.5 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.

- 51.6 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

52. Voting: General

- 52.1 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.

53. Errors and Disputes

- 53.1 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.

- 53.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

54. Poll Votes

- 54.1 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.

- 54.2 A poll may be demanded by:

(a) the chair 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 shareholders having the right to vote on the resolution.

- 54.3 A demand for a poll may be withdrawn if:

(a) the poll has not yet been taken, and

(b) the chair of the meeting consents to the withdrawal.

- 54.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

55. Content of Proxy Notices

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

(a) states the name and address of the shareholder appointing the proxy;

(b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

(c) is signed by or on behalf of the shareholder 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.

55.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

55.3 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.

55.4 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.

56. Delivery of Proxy Notices

56.1 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.

56.2 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.

56.3 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.

56.4 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.

57. Amendments to Resolutions

57.1 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 chair of the meeting may determine), and
- (b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.

57.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

- (a) the chair 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.

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

58. Policy and Practice

58.1 The Controlling Shareholder may in the interests of transparency consistency and clarity of its dealings with the Company and the Group publish Policy and Practice documents (Policy Documents) and if it does implement such Policy Documents:

- (a) it shall keep such documents under continuous review and update the said Policy Documents at least once in every year,
- (b) it shall consult with and take into consideration any submissions, comments and suggestions of the Company to revise or vary the said Policy Documents,
- (c) it shall apply the policy and practice set out in the Policy Documents, and
- (d) whether expressly stated or not any obligation, decision, resolution, approval or other matter required of the Controlling Shareholder by the terms of any agreement, the Articles of Association or otherwise concerning the Company shall be governed by the Policy Documents.

59. Shareholder Exercise of its Powers Rights and Responsibilities

59.1 The Controlling Shareholder agrees to act reasonably in exercising any rights obligations or matters reserved in these Articles or the provisions of any Relevant Agreement or otherwise and in particular the Shareholder agrees as follows:

- (a) that it shall not make any unreasonable enquiries of the Board or Company;
- (b) other than monthly Shareholder Assurance meetings, to keep the frequency of any enquiries to a minimum;
- (c) to adhere to and observe the respective roles and functions of the Board and that of the Controlling Shareholder as managing its subsidiary; and
- (d) to ensure that the Company's resources are not disproportionately committed in dealing with such requests and enquiries or to the extent that any involvement by the Controlling Shareholder could be construed as assuming any aspect of the role of the Board and/or the Company or that could amount to interference or interruption or a cause to divert attention from the business of the Company.

PART 5

ADMINISTRATIVE ARRANGEMENTS

60. Company Secretary

60.1 The Controlling Shareholder shall appoint and remove a Company Secretary of the Company upon such terms and conditions as it sees fit by the Controlling Shareholder serving upon the Company notice of such appointment or the removal thereof in the form of a letter or resolution.

- 60.2 The letter of appointment shall give such particulars of that person which would if he/she were so appointed or reappointed be required to enable their registration at Companies House.
- 60.3 The appointment or removal of the Company Secretary takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.
- 60.4 Upon receipt of the notice of the appointment of the Company Secretary to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Company Secretary as Company Secretary of all subsidiary companies.
- 60.5 Subject to the consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of the Company Secretary.
- 60.6 A person who ceases to be Company Secretary of the Company immediately ceases to be Company Secretary of all subsidiary companies.

61. Means of Communication to be Used

- 61.1 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.
- 61.2 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.
- 61.3 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.

62. Company Seals

- 62.1 The Company shall not use a seal.

63. Inspection of Accounts & Other Records

- 63.1 The Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to inspect on demand any of the Company's accounting or other records or documents.
- 63.2 Upon written request to the Company the Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to copies of any of the Company's accounting or other records or documents to be provided within a reasonable time.
- 63.3 Except as provided by law or authorised by the Directors or the Controlling Shareholder Representative or by an ordinary resolution of the Company, no other

person is entitled to inspect any of the Company's accounting or other records or documents.

64. Provision for Employees on Cessation of Business

- 64.1 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.

65. Whistleblowing

- 65.1 The Company shall in the interests of probity adopt a suitably adapted whistleblowing policy as soon as reasonably practicable which can operate and be applied to the individual corporate bodies comprising the group of companies and other associated companies as if they were employees in the same organisation where the Council may be viewed as the ultimate Holding Company.

DIRECTORS' INDEMNITY AND INSURANCE

66. Indemnity

- 66.1 Subject to Article 66.2, a relevant Director or other officer of the Company or an associated Company may be indemnified out of the Company's assets against:
- (a) any liability incurred by that Director or officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company, holding Company, subsidiary 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 or officer as an officer of the Company or an associated company acting on behalf or within the scope of the Company.
- 66.2 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.
- 66.3 In this Article:
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,
 - (b) a "relevant Director" means any Director or former Director of the Company or an associated company, and
 - (c) "other officer" means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company.

67. Insurance

- 67.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director or other officer or other person connected and acting within the authority of the Company in respect of any relevant loss.

67.2 In this Article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,
- (b) a "relevant Director" means any Director or former Director of the Company or an associated company,
- (c) "other officer" means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company, and
- (d) "relevant loss" means any loss or liability which has been or may be incurred by a relevant Director or other officer in connection with their 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.

OTHER

68. Subsidiaries

- 68.1 Notwithstanding that the Company shall not be permitted to setup, acquire, sell or transfer any Subsidiary without Shareholder approval, where a Subsidiary is established, the Company shall put in place all necessary arrangements which secure for decision all those matters identified as Reserved Matters in respect of the operation of the Subsidiary between the Company and the Subsidiary in similar terms to these Articles. The Subsidiary Relevant Agreements or Articles as the case may be shall be approved by the Controlling Shareholder.
- 68.2 The Company shall require each Subsidiary (if any) to produce a Business Plan as specified by the Controlling Shareholder for the Company's approval. The Company shall put in place arrangements to enable it to monitor the Subsidiary's compliance with its Business Plan in similar terms to those required of the Shareholder from the Company.
- 68.4 In respect of any Associated Company the Company shall use its reasonable endeavours to secure that Company's Articles and governance arrangements are consistent with these Articles as appropriate.

69. Public Body Considerations

- 69.1 The Company shall observe all the legal requirements imposed on it by virtue of any of its members or ultimate controlling body being a local authority or other public body.
- 69.2 In particular, without limiting the generality of the foregoing, the Company shall observe all legal requirements imposed on it by virtue of it being a controlled Company as defined by Section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other regulations or orders made from time to time or the Local Government Act 2003 in relation to a Local Authority's interest in companies.

70. Relevant Agreements

- 70.1 In addition to the provisions of these Articles, the Directors shall be obliged (except to the extent, if any, prohibited by law) to give effect to all Relevant Agreements in force at the relevant time to which they are a party or by which they are otherwise bound.
- 70.2 The Controlling Shareholder shall procure that every Director appointed by the Controlling Shareholder shall act in all respects in relation to the Company so as to give effect to all Relevant Agreements for the time being binding on the Controlling Shareholder.

SCHEDULE 1

RESERVED MATTERS

Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company nor Group shall not, without the prior written approval of the Controlling Shareholder, carry out any of the following Reserved Matters unless they have been approved in advance by the Controlling Shareholder under the Business Plan:-

1. ARTICLES

- a. Any variation of the Articles of the Company or Group;

2. SHAREHOLDING

- a. Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;
- b. Permitting the registration of any person as a member of the Company or Group;
- c. Approval of the Dividend Policy (and any changes thereto) of the Company or Group;
- d. Making or paying any dividend or distribution;
- e. Applying for the listing or trading of any shares or debt securities on any stock exchange or market;
- f. Amalgamating or merging with any other Company or business undertaking;
- g. Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);

3. GOVERNANCE

- a. Alterations to the name or registered office of the Company;
- b. Changing the financial year-end;
- c. The appointment or replacement of Auditors;
- d. Altering the mandate (ie authorised signatories) with the Bank;
- e. Authorisation of any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected

with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.

- f. Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;
- g. Implementation or variation of any treasury policies, including foreign currency exposure;
- h. Entering into any arrangement, contract or transaction which the Directors believe would otherwise be a breach of their duties to the Controlling Shareholder due to a genuinely held concern as to a negative impact on the Shareholder's statutory functions, commercial interests or reputation;
- i. Approval of a subsidiary Relevant Agreement;

4. BUSINESS AREA

- a. Changing the nature of the Company's business;
- b. Extension of the Company's or Group business into major business or geographic areas;
- c. Any decision to cease to operate all or any material part of the Company's or Group business;

5. BUSINESS OPERATIONS & PLANS

- a. Approval or amendment of a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and Group;
- b. Approval or amendment of the Business Plan of the Company or Group in any financial year;
- c. Approval or amendment of the Procurement Policy & Procedure / Protocol;
- d. Carry out any procurement exercise and / or contract award that is not in conformity with the Procurement Policy & Procedure / Protocol;
- e. Approval of projects or activities that are neither covered by an approved Business Plan nor by the approved scheme of delegation;
- f. Approval of projects that involve the receipt of grant funding above the Financial Threshold;
- g. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangement, contracts or transactions;
- h. Entering into contracts which are not in the ordinary course of the business or varying an existing contract to an extent which takes it outside the scope of the ordinary course of business;
- i. Authorising suspension or closure of a building, office or construction site other than for imminent health and safety threat to life or injury;

6. FINANCE

- a. The entry into loan facilities, debt financing, sale and lease financing arrangements;
- b. The establishment of credit limits for the placing of deposits with individual financial institutions;
- c. Writing off bad debts accruing or owed to the Company or Group by any single entity in any Financial year above the Financial Threshold;

7. SECURITY

- a. Creating or granting any encumbrance over the whole or any part of the Company's or Group's business, undertaking or assets or over any shares in the Company or agreeing to do so;

- b. Issuing any loan capital in the Company or Group or entering into any commitment with any person with respect to the issue of any loan capital;
- c. The giving of guarantees, indemnities, financial letters of comfort or granting any credit, other than in the normal course of trading and below the Financial Threshold;
- d. Making any external loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business);

8. APPOINTMENTS & REMOVALS

- a. Material changes to the management and control structure of the Company or Group;
- b. Appointment and dismissal of Board Directors (including non-executive Directors) of the Company;
- c. Appointment and dismissal of the Company Secretary;
- d. Appointment to and dismissal from the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- e. Approving the recruitment and remuneration of Consultants;

9. REMUNERATION & BENEFITS

- a. Entering into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.
- b. Agreeing the remuneration package (by payment of fees, the provision of benefit-in-kind or otherwise and any changes thereto) of Directors, officers or the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- c. Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for Directors, officers or employees;
- d. Approving pay structures, associated increases and cost of living pay awards;
- e. Establishing or amending any pension and other benefit scheme for any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- f. Other than in accordance with the approved pension or other benefit scheme, granting differing or bespoke rights to any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- g. Approving increases to pension contributions made by the Company;
- h. Approving any provisions for employees upon the cessation of the Company or Group;

10. LEGAL

- a. Instituting any legal proceedings, other than:
 - i. debt recovery proceedings in the ordinary course of business
 - ii. possession proceedings in the ordinary course of business.
- b. Settling or compromising any legal proceedings instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution in any dispute involving the Company, other than:
 - i. debt recovery proceedings in the ordinary course of business;
 - ii. possession proceedings in the ordinary course of business;

- iii. employment claims save for any involving a Director, Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
 - iv. commercial claims below the Financial Threshold
- c. Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company or Group;