

Company No. 02486368

A Private Company Limited by Guarantee

# Articles of Association of The Financial Reporting Council Limited

(Adopted by Written Resolution with effect from 1 April 2022)



## CONTENTS

1.	Defined terms.....	3
2.	Liability of members.....	4
3.	Company's objects .....	4
4.	Board composition .....	6
5.	Appointment of directors.....	6
6.	Retirement, vacation and removal of directors .....	7
7.	Directors to take decisions collectively .....	8
8.	Common decisions .....	8
9.	Calling a directors' meeting.....	9
10.	Participation in directors' meetings .....	9
11.	Quorum for directors' meetings.....	9
12.	Chairing of directors' meetings .....	10
13.	Directors' general authority and reporting requirements .....	10
14.	Directors may delegate .....	10
15.	Committees .....	11
16.	Regulatory Standards and Codes Committee .....	12
17.	Conduct Committee .....	12
18.	Supervision Committee .....	13
19.	Continuity of operations .....	14
20.	Authorisation.....	14
21.	Matters not requiring an Authorisation .....	15
22.	Participation in decision-making .....	15
23.	No obligation to account.....	15
24.	General .....	16
25.	Records of decisions to be kept .....	16
26.	Directors' discretion to make further rules.....	16
27.	Directors' remuneration.....	16
28.	Directors' expenses .....	17
29.	Members of the Company.....	17
30.	Written Resolutions .....	17
31.	Means of communication to be used.....	18
32.	Notices to members .....	18
33.	Secretary .....	19
34.	No right to inspect accounts and other records.....	19
35.	Provision for employees on cessation of business .....	19
36.	Indemnity and Insurance.....	19

## Part 1 – Interpretation and Limitation of Liability

### 1. Defined terms

#### 1.1. In these Articles, unless the context requires otherwise:

**“Articles”** means the Company’s Articles of Association for the time being in force;

**“Board”** means the Board of directors of the Company from time to time (and references to decisions of, or approvals by, the Board shall be to a decision of the directors made in accordance with Articles 7 and 8) and references in these Articles to “the directors” shall be deemed to be references to the Board);

**“Board meeting”** means a duly convened meeting of the Board;

**“Chair”** or **“Chair of the Board”** means any director of the Company appointed Chair pursuant to Article 5.1;

**“Chief Executive”** means the person appointed by the Secretary of State for the time being to be chief executive of the Company and a director of the Company;

**“Regulatory Standards and Codes Committee”** has the meaning given to it in Article 16;

**“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;

**“Conduct Committee”** has the meaning given to it in Article 17;

**“director”** means a director of the Company, and includes any person occupying the position of director, by whatever name called;

**“document”** includes, unless otherwise specified, any document sent or supplied in electronic form;

**“electronic form”** has the meaning given in section 1168 of the Companies Act 2006;

**“electronic means”** has the meaning given in section 1168 of the Companies Act 2006;

**“executive director”** means any director of the Company who performs a management, operational or organisational role within the Company;

**“member”** has the meaning given in section 112 of the Companies Act 2006;

**“non-executive director”** means any director of the Company who does not have a management, operational or organisational role within the Company;

**“ordinary resolution”** has the meaning given in section 282 of the Companies Act 2006;

**“participate”**, in relation to a directors’ meeting, has the meaning given in Article 10;

**“Secretary of State”** means the Secretary of State for Business, Energy and Industrial Strategy;

**“special resolution”** has the meaning given in section 283 of the Companies Act 2006;

**“Supervision Committee”** has the meaning given to it in Article 18;

**“United Kingdom”** means Great Britain and Northern Ireland; 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 in the Companies Act 2006 as in force on the date when these Articles become binding on the Company, words importing the singular number include the plural number and vice versa, words importing one gender include the other genders and words importing persons include corporations.
- 1.3. No regulations or Articles set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies (including the model Articles for private companies limited by guarantee as set out at Schedule 2 of The Companies (Model Articles) Regulations 2008 (SI 2008/3229)) shall apply as the Articles of the Company.
- 1.4. Subject to Article 1.2, references to any provision of any enactment or of any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) include any modification or re-enactment of that provision for the time being in force.
- 1.5. Headings are inserted for convenience only and do not affect the construction of these Articles.

## 2. Liability of members

- 2.1. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of its being wound up while they are a member or within one year after they cease to be a member, for:
  - a) payment of the Company’s debts and liabilities contracted before they cease to be a member;
  - b) payment of the costs, charges and expenses of winding up; and adjustment of the rights of the contributories among themselves.

## 3. Company’s objects

- 3.1. The Company’s objects are:
  - a) to promote and maintain investor, market and public confidence in the integrity, competence and transparency of corporate governance and corporate reporting systems and in the auditing, accounting and actuarial professions in the United Kingdom;
  - b) to perform and discharge any and all functions and powers delegated to or conferred upon the Company or any part of the Company from time to time pursuant to any statutory provision or any modification or re-enactment thereof;

- c) without prejudice to the generality of paragraphs (a) and (b) above to carry on, oversee or direct any activity concerned with the following:

*Competent Authority*

- i. the exercise of the functions of competent authority under The Statutory Auditors and Third Country Auditors Regulations 2016<sup>1</sup> and Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities;
- ii. delegation of those functions in accordance with The Statutory Auditors and Third Country Auditors Regulations 2016<sup>2</sup> and Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014;

*Oversight and Supervision*

- iii. the exercise of the functions of the Secretary of State under Part 42 of the Companies Act 2006;
- iv. the exercise of the functions of the Independent Supervisor appointed under Chapter 3 of Part 42 of the Companies Act 2006;
- v. the independent oversight of the regulation of the accounting profession and of the actuarial profession;

*Codes and Standards*

- vi. the issuing and maintenance of codes and/or standards for corporate governance, stewardship, corporate reporting, accounting, auditing, assurance services and actuarial work;
- vii. the promulgation of such codes and/or standards;

*Corporate Reporting Quality*

- viii. the exercise of the functions of the Secretary of State under section 457 Companies Act 2006 and section 14(2) of the Companies (Audit, Investigations and Community Enterprise) Act 2004;

*Audit Quality*

- ix. the establishment and exercise of arrangements within paragraph 1 of Schedule 12 to the Companies Act 2006;
- x. the independent monitoring of the performance of statutory audit functions by means of inspections pursuant to any other statutory provision or voluntary arrangement;

*Enforcement*

- xi. the establishment and exercise of arrangements within paragraph 2 of Schedule 12 to the Companies Act 2006;
- xii. the adoption, amendment and operation of disciplinary schemes providing for:
- xiii. the investigation of, and the bringing of disciplinary proceedings against, accountancy members and member firms and actuarial members; and

---

<sup>1</sup> as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019

<sup>2</sup> as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019

- xiv. the charging of costs, levying of fines and imposition of any other sanctions in accordance with such proceedings.
- d) to perform any other function incidental to the objects referred to in this Article 3 which in the opinion of the directors of the Company can be conveniently performed in conjunction with and without prejudice to the proper performance or discharge of any of the said objects.

## Part 2 - Directors

### 4. Board composition

- 4.1. The Board shall comprise:
  - a) the Chair;
  - b) the Chief Executive;
  - c) the chair of the Regulatory Standards and Codes Committee;
  - d) the chair of the Conduct Committee;
  - e) the chair of the Supervision Committee
  - f) and other non-executive directors appointed in accordance with Article 5.

### 5. Appointment of directors

#### *Appointment to the Board*

- 5.1. The Secretary of State or his or her duly authorised representative may at any time:
  - a) appoint or reappoint any person to the office of director either to fill a casual vacancy or as an addition to the existing Board; and
  - b) appoint or re-appoint any director as the Chair, or Chief Executive whether or not for a specified period and
  - c) remove any person so appointed.
- 5.2. The Secretary of State shall when making any appointment pursuant to Article 5.1 above have regard to the desirability of such person in the interests of the Company and his or her powers shall be limited so that:
  - a) the majority of directors so appointed may not be individuals who in the five years prior to such appointment have:
    - i. been practising accountants or actuaries; or
    - ii. held voting rights in an accountancy or actuarial firm; or
    - iii. been employees of an accountancy or actuarial firm, members of the administrative or management body of an accountancy or actuarial firm
  - b) no director so appointed may be an individual who in the three years prior to such appointment has:
    - i. been a practising auditor; or
    - ii. held voting rights in an audit firm; or

- iii. been an employee of, partner of or otherwise contracted by an audit firm, a member of the administrative, management or supervisory body of an audit firm or an officer holder of an audit body;
- c) no director so appointed may be an office holder of an accountancy or actuarial body; and
- d) it shall not appoint any person to the office of Chair, such appointments being made pursuant to Article 5.3 below.

- 5.3. Any appointment, re-appointment or removal made under Article 5.1 shall be notified in writing to the Company at its registered office and shall be signed by the duly authorised representative of the Secretary of State.
- 5.4. Each such notice shall specify the date from which it is to take effect and, in the case of an appointment or re-appointment, shall be accompanied by the appointee's written consent to act.
- 5.5. The remuneration of directors appointed under Article 5.1 including any director appointed to hold employment or executive office as the Chief Executive shall be fixed by the Secretary of State from time to time.

#### *Executive appointments*

- 5.6. Subject to the provisions of the Companies Acts and to any the appointment by the Secretary of State under Article 5.1, the Board may agree the terms of employment of the Chief Executive with the Company.
- 5.7. A director appointed as Chief Executive shall automatically cease to hold that office if he ceases to be a director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

## **6. Retirement, vacation and removal of directors**

- 6.1. A director of the Company shall retire from office upon the expiry of the period specified in the most recent notice of his or her appointment or reappointment received by the Company pursuant to Article 5.1 above or, if no period is specified therein, upon the third anniversary of such appointment or reappointment.
- 6.2. The office of director shall be vacated if the director:
  - a) is removed from office pursuant to the provisions of Articles 5.1 above;
  - b) resigns his or her office by notice in writing received at the registered office of the Company;
  - c) ceases to be a member of the Company;
  - d) ceases to be a director by virtue of any provision of the Companies Acts or otherwise becomes prohibited by law from being a director; or
  - e) in the case of the Chief Executive, ceases to hold that position.

## 7. Directors to take decisions collectively

- 7.1. Subject to Article 7.3 below, the general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with Article 8.
- 7.2. If:
- a) the Company only has one director; and
  - b) no provision of these Articles requires it to have more than one director,
- the general rule does not apply, and the director may take decisions without regard to any of the provisions of these Articles relating to directors' decision-making.
- 7.3. Unless a decision is taken in accordance with Article 8, any decisions which are required to be made by the directors in relation to the setting of codes and standards and/or in relation to any statutory delegated powers exercised by the Company from time to time, shall require not less than two thirds of the total number of eligible directors holding office at that relevant time to vote in favour of the resolution at a meeting.

## 8. Common decisions

- 8.1. A decision of the directors is taken in accordance with this Article when not less than two thirds of the total number of eligible directors holding office at that relevant time indicate to each other by any means where each such indication is capable of being readily reproduced in hard copy form that they share a common view on a matter.
- 8.2. Such a decision may take the form of a resolution in writing, copies of which have been signed by not less than two thirds of the total number of eligible directors holding office at that relevant time or to which not less than two thirds of the total number of eligible directors holding office at that relevant time has otherwise indicated agreement in writing.
- 8.3. References in this Article and Article 7 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 but excluding any director whose vote is not to be counted in respect of the particular matter.
- 8.4. A decision may not be taken in accordance with this Article if the eligible directors making such decision would not have formed a quorum at such a meeting.



## 9. Calling a directors' meeting

- 9.1. Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- 9.2. Meetings of the Board shall take place not less than six times per annum.
- 9.3. 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.
- 9.4. Notice of a directors' meeting must be given to each director, but need not be in writing.
- 9.5. 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 at any time before the meeting or up to 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.

## 10. Participation in directors' meetings

- 10.1. Subject to these 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 these 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.
- 10.2. Any director who is not able to be present in person may participate in a directors' meeting by means of a conference telephone, video conferencing facility or similar communications equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at such meeting and shall be entitled to vote and be counted in the quorum. Such a directors' 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 Chair is located.

## 11. Quorum for directors' meetings

- 11.1. At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

- 11.2. The quorum for directors' meetings shall be two thirds of the total number of directors holding office at that time including where the matters to be discussed by the directors relate to the setting of codes and standards and/or any statutory delegated powers exercised by the Company from time to time.

## **12. Chairing of directors' meetings**

- 12.1. The Chair shall preside at every meeting of the Board at which he or she is present. If the Chair is not present at any meeting 15 minutes after the time appointed for the meeting or is not willing to preside, the Senior Independent Director shall preside or, if he or she is not present 15 minutes after the time appointed for the meeting or is not willing to preside or none has been so appointed, the directors present may appoint one of their number to be Acting Chair of the meeting.
- 12.2. The person so appointed for the time being is known as the Acting Chair.

## **13. Directors' general authority and reporting requirements**

- 13.1. Subject to these Articles, the directors are responsible for the management of the Company's business, for which purpose they may perform any function and exercise any power of the Company which is required by law to be performed or exercised by them.
- 13.2. For the avoidance of doubt, the functions which may be performed and the powers which may be exercised by the directors in accordance with Article 13.1 shall not include any statutory functions or powers which are conferred directly on a committee of the Board from time to time.
- 13.3. The directors shall be responsible for preparing and publishing an annual directors' report in accordance with sections 415 to 419 of the Companies Act 2006 which shall be available to the public and which shall:
- a) assess and review whether the Company has met its objectives over the past year; and
  - b) include such other information and commentary as the directors may decide from time to time.
- 13.4. The directors shall report to the Secretary of State on the discharge of the Company's statutory duties in such manner and with such frequency as shall be agreed with the Secretary of State from time to time.

## **14. Directors may delegate**

- 14.1. Subject to these Articles, save as prohibited by law, the directors may delegate any such powers or functions of the Company:
- to such person (including any director holding any executive office) or committee;
  - by such means (including by power of attorney);

- to such an extent;
- in relation to such matters or territories; and
- on such terms and conditions;
- as they think fit.

14.2. Without prejudice to Article 14.1, the Chief Executive appointed in accordance with Article 5, shall:

- a) recommend strategic direction to the Board;
- b) provide day to day oversight of the work of the FRC, its operational policies and the protection of the Company's reputation;
- c) advise the Board on the budget, business plan, Board agenda and management of the organisation; and
- d) perform such other functions as shall be determined by the Board from time to time.

14.3. The Chief Executive may convene a Committee of senior Executives to advise and support him in the fulfilment of his responsibilities.

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

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

## 15. Committees

15.1. 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 these Articles which govern the taking of decisions by directors.

15.2. The composition and membership of any committee shall be determined by the Board from time to time and the Board may co-opt onto any such committee persons other than directors, who may enjoy voting rights in the committee, subject in the case of the Regulatory Standards and Codes Committee to article 16.1, in the case of the Conduct Committee to article 17.1 and in the case of the Supervision Committee to article 18.1.

15.3. The directors may make rules of procedure or terms of reference for all or any committees from time to time, which prevail over rules derived from these Articles if they are not consistent with them. The rules of procedure or terms of reference agreed by the Board from time to time of any committee may include the right to constitute sub-committees and to co-opt onto any such sub-committee persons other than directors who may enjoy voting rights in the sub-committee providing that no such person may be a person whose appointment to a committee is prevented by article 15.2.

- 15.4. At the adoption of these Articles, the three principal committees of the Board shall be the Regulatory Standards and Codes Committee, the Supervision Committee and the Conduct Committee.

## 16. Regulatory Standards and Codes Committee

- 16.1. The composition and members of the Regulatory Standards and Codes Committee shall be determined in accordance with article 15.2, provided that no person co-opted onto the Regulatory Standards and Codes Committee may be an individual who:
- a) in the three years prior to such appointment has:
    - i. been a practising auditor; or
    - ii. held voting rights in an audit firm; or
    - iii. been an employee of, partner of or otherwise contracted by an audit firm, a member of the administrative, management or supervisory body of an audit firm or an officer holder of an audit body;
  - b) is an officer of any of the accountancy or actuarial professional bodies.
- 16.2. The Regulatory Standards and Codes Committee is established for the purpose of:
- a) the development and maintenance of regulatory standards and codes
  - b) approving policies for the development of regulatory standards and codes
  - c) approving the issue of consultation documents and reviewing and recommending final standards and codes to the Board for approval
  - d) advising the FRC Board on recognition of SORP-making bodies and amendments to Charities SORP statement
  - e) approving the issue and maintenance of FRC taxonomies, including for consultation
  - f) setting goals, aligned with the Company's strategy, for the Company's work relating to regulatory and governance standards and codes, and overseeing the Executive's identification and management of key risks in this area

and shall perform such other functions as shall be prescribed to it by law or by the Board from time to time.

## 17. Conduct Committee

- 17.1. The composition and members of the Conduct Committee shall be determined in accordance with article 15.2, provided that no person co-opted onto the Conduct Committee may be an individual who:
- a) in the three years prior to such appointment has:
    - i. been a practising auditor; or
    - ii. held voting rights in an audit firm; or

- iii. been an employee of, partner of or otherwise contracted by an audit firm, a member of the administrative, management or supervisory body of an audit firm or an officer holder of an audit body;

b) is an officer of any of the accountancy or actuarial professional bodies.

17.2. The Conduct Committee is established and maintained for the purpose of:

- a) taking the decisions required of the FRC within the disciplinary and enforcement procedures, on behalf of the Board
- b) maintaining the FRC's published disciplinary procedures and supporting documents, including the criteria to be applied in disciplinary or enforcement decisions
- c) monitoring the progress of disciplinary and enforcement activities
- d) setting goals aligned with the Company's strategy for the Company's enforcement and disciplinary work and overseeing the Executive's identification and management of key risks in this area.

and shall perform such other functions as shall be prescribed to it by law or by the Board from time to time.

## 18. Supervision Committee

18.1. The composition and members of the Supervision Committee shall be determined in accordance with article 15.2, provided that no person co-opted onto the Supervision Committee may be an individual who:

a) in the three years prior to such appointment has:

- i. been a practising auditor; or
- ii. held voting rights in an audit firm; or
- iii. been an employee of, partner of or otherwise contracted by an audit firm, a member of the administrative, management or supervisory body of an audit firm or an officer holder of an audit body;

b) is an officer of any of the accountancy or actuarial professional bodies.

18.2. The Supervision Committee is established and maintained for the purpose of:

- a) exercising of the FRC's delegated functions of the Secretary of State under section 457 Companies Act 2006 and section 14(2) of the Companies (Audit, Investigations and Community Enterprise) Act 2004 on behalf of the Board
- b) overseeing the discharge of the FRC's functions as the designated Competent Authority for Audit under The Statutory Audit and Third Country Auditor Regulations 2016 (SATCAR 16);
- c) overseeing the discharge of the FRC's delegated functions under Part 42 of the Companies Act 2006;
- d) setting goals aligned with the Company's strategy for the Company's oversight, monitoring and supervision work and overseeing the Executive's identification and management of key risks in this area.

and shall perform such other functions as shall be prescribed to it by law or by the Board from time to time.

## 19. Continuity of operations

- 19.1. The validity of anything done by the Company (acting by itself or through an operating board or a committee of the Company) or by a subsidiary of the Company immediately prior to the adoption of these Articles or immediately prior to the adoption of the previous articles of association of the Company on 8 March 2012 (including without limitation any standards, guidance, rules, practice statements, strategy documents, policy documents and anything analogous to such documents which has been adopted by any such body or any action or decision taken or pending) shall not be affected by the adoption of these Articles and shall remain valid and subsisting notwithstanding that the function of that operating board, committee or subsidiary is now carried out as successor by the Board or by a new committee of the Board.

## 20. Authorisation

- 20.1. The Board shall have power and shall be enabled, subject to and in accordance with this Article 20.1, to authorise (an "Authorisation") any matter which would or might constitute or give rise to any breach of the duty of a director under section 175 of the Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
- 20.2. An Authorisation may be proposed by any director or member, and may be resolved upon by the Board in such manner as the Board deems in its absolute discretion to be appropriate (subject to the provisions of these Articles and the Companies Acts).
- 20.3. An Authorisation may be given subject to such terms and conditions as the Board may determine in its absolute discretion, and the relevant director shall comply with all such terms and conditions.
- 20.4. The Board may revoke or vary an Authorisation at any time, but this shall not affect anything previously done or omitted to be done by the relevant director in accordance with the terms of the Authorisation.
- 20.5. A director shall not be in breach of the general duties they owe to the Company under the Companies Acts by virtue of the fact that pursuant to the terms of an Authorisation they:
- a) absent themselves from Board meetings or other proceedings of the Board at which matters relating to the conflict of interest or possible conflict of interest will or may be discussed; or
  - b) makes arrangements not to receive, or refrains from considering, any documents relating to the conflict of interest or possible conflict of interest, or makes arrangements for a professional adviser to receive any such documents on their behalf,
- for so long as they reasonably believe the matter to which the Authorisation relates subsists.

- 20.6. The Company may by ordinary resolution suspend or relax the provisions of this Article 20 to any extent. Subject to the Companies Acts, the Company may by ordinary resolution ratify any transaction or arrangement not properly authorised by reason of a contravention of this Article 20.

## **21. Matters not requiring an Authorisation**

- 21.1. Subject to the provisions of the Companies Acts and the terms of reference adopted in respect of any committees of the Company from time to time, and provided that they have disclosed (by notice in writing to the Company or at a Board meeting) the nature and extent of any material interest of theirs, a director notwithstanding their office:

- a) may act by themselves or through a firm or other business entity in a professional capacity to the Company (except that of auditor) and they or such firm or other entity shall be entitled to remuneration for professional services as if they were not a director;
- b) may act as a director of a company or body from which the Company derives funding in the form of a levy or other financial contribution

and save as may be specifically provided by any contrary resolution of the Board or the Company, that director shall not be required to seek or obtain an Authorisation in respect of a matter or situation to the extent that such matter or situation is permitted by this paragraph.

## **22. Participation in decision-making**

- 22.1. If a director has an interest in a proposed decision of the Board which is required to be declared to the other directors pursuant to section 177(1) of the Companies Act 2006, that director shall (provided that such interest has been declared in accordance with, and the director has otherwise complied with, section 177 of the Companies Act 2006) be entitled notwithstanding such interest to participate fully in the decision-making process for quorum and voting purposes. However, any terms or conditions with respect to participation in decision-making given in connection with an Authorisation shall prevail over and to the exclusion of this paragraph where applicable.

## **23. No obligation to account**

- 23.1. A director shall not (save as may otherwise be agreed by him or may be determined by the Board in connection with an Authorisation) be liable to account to the Company for any remuneration, profit or other benefit resulting from any interest to which an Authorisation relates or which is otherwise permitted under this Article 23.1 or in respect of which the director has complied with the requirements of sections 177 or 182 of the Companies Act 2006, and no contract shall be liable to be avoided on the grounds of any such profit or benefit, nor shall the receipt of any such remuneration, profit or other benefit constitute a breach of section 176 of the Companies Act 2006.

## **24. General**

- 24.1. For the purposes of Articles 20 to 23 (inclusive), references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- 24.2. Subject to Article 24.3, 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 relevant Chair whose ruling in relation to any director other than the Chair is to be final and conclusive.
- 24.3. 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.

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

- 25.1. The directors shall cause minutes to be made in records provided for the purpose:
- a) of all appointments and termination of appointments of officers
  - b) of the names of the persons present at each meeting of the directors and of any committee
  - c) of all resolutions and proceedings at all meetings of the Company, and of the directors, and of committees.
- 25.2. In respect of any committees the directors shall cause minutes to be made in records provided for the purpose of all appointments and termination of appointments of the committee members.

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

- 26.1. Subject to these 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.

## **27. Directors' remuneration**

- 27.1. Directors are entitled to such remuneration as the Secretary of State determines for their services to the Company as directors.
- 27.2. Subject to these Articles, a director's remuneration may take any form and 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.
- 27.3. Unless the directors decide otherwise, directors' remuneration accrues from day to day.



## **28. Directors' expenses**

- 28.1. The Company may pay any reasonable expenses which the directors or any secretary properly incur in connection with their attendance at:
- a) meetings of directors or committees of directors;
  - b) or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

## **Part 3 – Members**

## **29. Members of the Company**

- 29.1. The members of the Company shall be any person who is appointed a director of the Company from time to time in accordance with these Articles.
- 29.2. No other person may become a member of the Company.
- 29.3. Membership of the Company shall not be transferable or transmissible.
- 29.4. Membership of the Company shall cease:
- a) upon a member ceasing (for whatever reason) to be a director of the Company; or
  - b) upon a member delivering to the Company's registered office written notice of the termination of his membership.

## **30. Written Resolutions**

- 30.1. For the purposes of section 297(1)(a) of the Companies Act 2006, a proposed written resolution of the Company's members shall lapse if it is not passed before the end of the period of 28 days beginning with the circulation date.

## Part 4 – Administrative Arrangements

### 31. Means of communication to be used

- 31.1. Subject to these Articles, anything sent or supplied by or to the Company under these 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.
- 31.2. Subject to these 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.
- 31.3. 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. Each director agrees for the purposes of this Article that any notice of a directors' meeting (or any adjournment thereof) given to that director by electronic means is deemed to have been received by him one hour after it was sent.

### 32. Notices to members

- 32.1. A notice may be given by the Company to any member either personally or by sending it by post to him or her or to his or her registered address, or (if he or she has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him or her to the Company for this purpose or by sending it by electronic communication to such address, if any, supplied by him or her to the Company for this purpose.

#### *Notice by post*

- 32.2. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of twenty-four hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

#### *Notice by electronic communication*

- 32.3. If notice is sent in electronic form by the Company, service of the notice shall be deemed to be effected provided that in sending the electronic communication containing the notice the Company complied with all applicable legal requirements;

- a) the person entitled to receive such notice must have agreed that the notice can be sent to him in that way and not revoked that agreement;
- b) the notice must have been issued in accordance with guidance issued by the Chartered Governance Institute UK and Ireland current at the date of adoption of these Articles, or, if the directors so resolve, any subsequent guidance so issued; and the notice must be sent to the address specified by the person entitled to receive such notice)
- c) on the day following that on which it was sent notwithstanding that the Company becomes aware that the member has failed to receive the relevant notice for any reason and notwithstanding that the Company subsequently sends a copy of such notice by post to the member.

- 32.4. The directors may from time-to-time issue, endorse or adopt terms and conditions relating to the use of electronic communications for the sending of notices and other documents by the Company to members.

### 33. Secretary

- 33.1. The directors shall appoint as secretary (including as an assistant or joint secretary) any person who is willing to act, and shall be entitled to determine the term of such appointment, the remuneration (if any) to be paid and any other conditions as the directors may think fit, and may from time to time remove any such person.

### 34. No right to inspect accounts and other records

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

### 35. Provision for employees on cessation of business

- 35.1. 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.

### 36. Indemnity and Insurance

- 36.1. In this Article:

**"relevant person"** means every director, secretary, member of any of the committees, councils, tribunals or panels or other officer of the Company appointed by the Company and every former director, former secretary, former member of any of the committees, councils, tribunals or panels or other former officer of the Company; and

**"relevant loss"** means any loss or liability which has been or may be incurred by a relevant person in connection with that director's duties or powers in relation to the Company.

- 36.2. Subject to Article 36.3, every relevant person shall be indemnified out of the Company's assets against:
- a) any liability incurred by that person in connection with any negligence, default, breach of duty or breach of trust in relation to the Company;
  - b) any liability incurred by that person in connection with the activities of the Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and/or
  - c) any other liability incurred by that person as an officer of the Company.
- 36.3. Article 36.2 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.
- 36.4. The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant person in respect of any relevant loss.