

Private Company Limited by Shares
Articles of Association
LMC DESIGN LIMITED

Legal Clarity

Charles House, 148-149 Great Charles Street, Birmingham, B3 3HT
0121 314 9102
hello@legalclarity.co.uk

Company Number: 07236734

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

LMC DESIGN LIMITED ("the Company")

(Adopted by written special resolution on *24 August* 2023)

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, unless expressly provided otherwise, the following words have the following meanings:

Act	means the Companies Act 2006
acting in concert	has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended)
Adoption Date	means the date of adoption of these Articles
Articles	means the Company's articles of association for the time being in force
Board	means the board of Directors from time to time
Business Day	means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business
Chair	means the chair of the Board
Companies Acts	has the meaning given to it in the Act
connected	has the meaning given in section 252 of the Act
Directors	means the directors of the Company from time to time
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)

Employee	means an employee of a Group Company and Employees shall be construed accordingly
Employee Representative	means an Employee who has been selected and nominated to act as such by, and shall be removed by the Directors, or in accordance with the Employee Rules or such other rules adopted or approved by the Board
Employee Rules	means such procedure and/or rules (if any) from time to time approved by the Board relating to the Employee Representative(s) and/or the Employee Director(s)
Employee Director	means an Employee who is appointed as a Director in accordance with article 8
EOT	means the trust known as the LMC Design Employee Ownership Trust as constituted by a trust deed dated on or around the Adoption Date
EOT Trustee	means the trustee or trustees for the time being of the EOT, being LMC Trustees Limited as at the Adoption Date
Financial Year	means an accounting reference period (as defined in section 391 of the Act) of the Company
Group Company	means each of the Company and its subsidiaries (if any) from time to time and Group Companies shall be construed accordingly
holding company	has the meaning given in section 1159 of the Act
Model Articles	means the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (<i>SI 2008/3229</i>), as amended prior to the Adoption Date
Principles	means the principles set out in the document entitled "The Principles – LMC Design", as that document is amended from time to time with the agreement of the Board
Shareholder	means a holder for the time being of any Shares
Share Option Scheme	means any share option scheme of the Company which is approved by the Board

and the EOT Trustee as being a Share Option Scheme for the purposes of these Articles

Shares

means shares (of any class) in the capital of the Company and **Share** shall be construed accordingly

subsidiary

has the meaning given in in section 1159 of the Act

1.2 A reference in these articles to:

1.2.1 an **Article** or **article** is a reference to the relevant numbered article of these articles; and

1.2.2 a **model article** is a reference to the relevant article of the Model Articles unless expressly provided otherwise.

1.3 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date).

1.4 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.5 In these Articles, words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa.

1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:

1.6.1 any subordinate legislation from time to time made under it; and

1.6.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.

1.7 A reference to a **person** includes individuals, partnerships, companies and other bodies corporate.

2. NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, there shall be a minimum of three Directors, and no maximum number of Directors.

3. ADOPTION OF THE MODEL ARTICLES

3.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.

- 3.2 Model articles 7, 8, 11(2) and (3), 13, 14(1) to (4) (inclusive), 16, 17, 26(5), 38, 39, 49, 50 and 51 to 53 (inclusive) shall not apply to the Company.
- 3.3 In model article 25(2)(c), the words evidence, indemnity and the payment of a reasonable fee shall be deleted and replaced with the words evidence and indemnity.

DIRECTORS

4. PROCEEDINGS OF DIRECTORS

- 4.1 In making any decision, the Directors shall have regard to the Principles and the views or representations of the Employee Representative (if any) if such views or representations have been made known to the Directors.
- 4.2 Any decision of the Directors must be a majority decision taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with *article* 4.3 (subject to *article* 4.4).
- 4.3 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.4 A decision taken in accordance with *article* 4.3 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 4.5 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be 3 or, if there are more than 3 Directors in office, such number being not less than three quarters of the total number of Directors then in office.
- 4.6 If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors determine.
- 4.7 For the purposes of any meeting (or part of a meeting) held pursuant to *article* 6 to authorise a Conflict (as defined in *article* 6.1), if there is only one or two Eligible Director(s) in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one or two Eligible Director(s), as the case may be.
- 4.8 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 by a unanimous decision of all the Directors then in office (whether at a meeting or by written resolution) and a Director may be removed from office by a decision taken at a meeting of the Directors with a vote in favour of such removal or a written resolution of the Directors signed by at least two thirds of all Directors then in office.
- 4.9 Questions arising or decisions or resolutions taken or passed at any meeting of the Directors shall (save where otherwise provided in these Articles) be decided, taken or passed by a majority of votes. If there is an equality of votes the Chair shall have a casting vote.
- 4.10 Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye.

- 4.11 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.

5. **TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts (and any Director shall be treated as having disclosed his interest as a director of the EOT Trustee if applicable), a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- 5.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 5.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of the Directors) in respect of such existing or proposed transaction or arrangement in which he is interested; and
- 5.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested.

6. **DIRECTORS' CONFLICTS**

- 6.1 The Directors may, in accordance with the requirements set out in this *article 6*, authorise any matter or situation 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 (**Conflict**). The Company may also authorise any Conflict by ordinary resolution.
- 6.2 Any authorisation under this *article 6* by the Directors will be effective only if:
- 6.2.1 to the extent permitted by the Act, 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
- 6.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- 6.2.3 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.
- 6.3 Where the Directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 6.4 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 6.5 A Director does not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act if he acts in accordance with the terms of any authorisation of the Director's conflict of interest or possible conflict of interest

under article 6.1, or by virtue of being employed or engaged by or holding office as a director or secretary of the EOT Trustee or any Group Company.

6.6 A 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 which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

6.7 A reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

7. SECRETARY

The Directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the Directors so decide, appoint a replacement, in each case by a decision of the Directors.

8. EMPLOYEE DIRECTORS AND EMPLOYEE REPRESENTATIVES

8.1 The Directors may resolve, at any time, that at least one or more of the Directors shall be an Employee who shall be selected and appointed, and who shall resign or be removed from office by, or in accordance with the Employee Rules or such procedure and rules as may from time to time be approved by, the Board.

8.2 Following any resolution pursuant to article 8.1, unless otherwise determined by the Directors, an Employee Representative shall be an Employee Director or, in the case of any other appointment, the Directors shall have regard to the views of the Employee Representative in respect of any such appointment.

8.3 The Employee Representative may be invited to attend any meeting of the Directors.

8.4 Unless otherwise determined by the Directors (and approved by the EOT Trustee in the case of the Employee Representative), the term of office of an Employee Director and Employee Representative shall be 2 years, and no Employee Director or Employee Representative shall hold office for more than two consecutive terms.

8.5 An Employee Director shall automatically cease to hold office as a Director, and any Employee Representative shall automatically cease to act as such, if he or she ceases for any reason to be an employee of any Group Company or gives or receives notice for any reason for the termination of their employment with any Group Company.

8.6 An Employee Director and an Employee Representative shall automatically cease to hold office at the end of his or her term of office but may be re-appointed for another term of office subject to and in accordance with the provisions of this article 8 above.

SHARES AND DISTRIBUTIONS

9. PROHIBITION ON THE ISSUE OF FURTHER SHARES

- 9.1 The Directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into or otherwise grant any rights in respect of any Shares without the written consent of the EOT Trustee save that Shares may be allotted pursuant to the terms of any Share Option Scheme.
- 9.2 Notwithstanding any other provision of these articles, no issue of any Shares or any class of Shares shall take effect if, as a result, the EOT Trustee would cease to satisfy the Controlling Interest Requirement in Section 236M Taxation of Chargeable Gains Act 1992
10. **TRANSFERS OF SHARES: GENERAL**
- 10.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal of a beneficial or other interest in that Share, or the creation of a trust or encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share.
- 10.2 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share if, as a result, the EOT Trustee would cease to satisfy the Controlling Interest Requirement in Section 236M Taxation of Chargeable Gains Act 1992.

DECISION-MAKING BY SHAREHOLDERS

11. GENERAL MEETINGS

- 11.1 No business 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. One Shareholder present in person or by proxy shall be a quorum provided that such Shareholder is the EOT Trustee or its duly authorised representative(s).
- 11.2 Any director of the EOT Trustee shall be entitled to attend any general meeting or sign any resolution of members or consent on behalf of the EOT Trustee, or to appoint an authorised representative for the purpose of attending any such general meeting.
- 11.3 The Chair shall chair general meetings. If there is no Chair in office for the time being, or the Chair is unable to attend any general meeting, the Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.

12. MATTERS REQUIRING SPECIAL CONSENT

- 12.1 Notwithstanding any other provision of these articles (all of which shall be read and construed subject to this article 12), the following matters shall each require the prior written consent of the EOT Trustee or a special resolution of the members of the Company (and so far as any of the following restrictions apply to Group Companies generally, the Company shall procure that the articles of association of any of its subsidiaries contain the same restriction):
- 12.1.1 the grant of any right to subscribe for Shares or the issue of any Shares in, or any other change to the share capital of, any Group Company (or the rights attaching to any such shares) other than pursuant to a Share Option Scheme;
- 12.1.2 a winding up of a Group Company or any resolution or other steps taken with a view to any such winding up ;

- 12.1.3 the disposal of shares in the capital of any Group Company or the whole or a substantial part of the undertaking or assets of a Group Company;
- 12.1.4 the acquisition by a Group Company of shares in the capital of any company or the whole or a substantial part of the undertaking or assets of any company; and
- 12.1.5 discretionary bonus payments to any individual employees of a Group Company in excess of £25,000 per annum (excluding any such bonus payment under 12.2 below).
- 12.2 The Board shall consult with the EOT Trustee in relation to any proposed discretionary bonus payment to all or most employees as a means of distributing profits (which as at the Adoption date could be wholly or partly exempt from income tax under Chapter 10A, Part 4, of the Income Tax (Earnings & Pensions) Act 2003), and have regard to its views, but the decision shall be that of the Board.

ADMINISTRATIVE ARRANGEMENTS

13. NOTICES

- 13.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
 - 13.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
 - 13.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address; and
 - 13.1.3 if properly addressed and sent or supplied by electronic means, one hour after receipt of the document or information sent or supplied has been acknowledged by electronic means.

For the purposes of this *article* 13.1, no account shall be taken of any part of a day that is not a working day.

- 13.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act.
- 13.3 Notice may be given by email in accordance with the preceding provisions of this article 13, but not by fax.

14. INDEMNITY AND INSURANCE

- 14.1 Subject to *article* 14.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:
 - 14.1.1 each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer in the actual or purported execution and/or discharge of his duties, or in

relation thereto including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or other Group Company's) affairs; and

- 14.1.2 the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in *article* 14.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.
- 14.2 This *article* 14 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.
- 14.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.
- 14.4 In this *article*14:
 - 14.4.1 **Relevant Loss** means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company (or other Group Company) or any pension fund or the EOT Trustee or the EOT or any employees' share scheme of the Company (or other Group Company); and
 - 14.4.2 **Relevant Officer** means any director or other officer or former director or other officer of any Group Company but excluding in each case any person engaged by a Group Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor.