

16th July 2021

ARTICLES OF ASSOCIATION of

**ADVANCE NORTHUMBERLAND (DEVELOPMENTS) LIMITED
CRN: 07497567**

A PRIVATE COMPANY LIMITED BY SHARES

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PART 1 PRELIMINARY MATTERS

Defined terms

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

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

"Associated Company" means a Company (other than a Subsidiary) in which the 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 Group 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 requirements of the Shareholder

"the Company" means Advance Northumberland (Developments) Limited a company registered in England with company registration number 07497567 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ

"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;

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

"Council" means Northumberland County Council

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

"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;

"Financial Year" means 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" 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;

"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;

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

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

"Shareholder and Company Agreement" means an agreement between the Council and the Shareholder dated the [insert date] and any variations thereto including but not limited to any successive agreement by whatever name known.

"the Shareholder" means Advance Northumberland Ltd;

"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;

"the Ultimate Shareholder" means the Council, and

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

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

2. OBJECTS

- 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
- The Company may (subject to first obtaining the consent of the Shareholder and the Ultimate Shareholder) add to, remove or alter the statement of the Company's objects.

3. Powers

- 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).
- (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 prohibited by these Articles.

Liability of members

4. 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

Directors' general authority

5. 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.

Shareholders' reserve power

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

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

(3) Notwithstanding article 6.(1) the Company shall co-operate with the Shareholder and the Ultimate Shareholder and comply with any request or directions made by the Shareholder or by the Ultimate Shareholder to the Shareholder to fulfill its obligations to the Council under the Shareholder and Company Agreement or otherwise including but not limited to attendance at any meetings, providing any disclosure, information or assistance.

Shareholders' Reserved Matters and the Business Plan

7. (1) The Company shall obtain a decision or resolution of the Shareholder and or obtain its prior approval as prescribed before taking any decision or action in relation to any of the Reserved Matters except where specifically included within the approved Business Plan

(2) The Shareholder acknowledges that it has in place arrangements for the prompt determination of any such request.

(3) The Company shall prepare a Business Plan for each Financial Year for approval by the Shareholder.

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.

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

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

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Committees

10.

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

- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.
- (3) Subject to article 10. (4), the Company shall comply with the decisions, determinations and recommendations of the following ;
- (a) the remuneration committee established by the Shareholder to conduct the appointment of such employees specified by the Shareholder and determine the remuneration for those appointments, except for those appointments falling within the Reserved Matters, in which case the committee shall make recommendations to the Shareholder.
 - (b) an audit committee established within the company, required by the Ultimate Shareholder to carry out an appropriate role or functions of such a Committee for the company; and separately, the Ultimate Shareholder's designated Group Audit Committee.
 - (c) any other committee established by the Ultimate Shareholder or the Shareholder for the Group.

Policies

11.

- (1) The Company shall apply and adopt in its own right and to any of its subsidiaries the following matters initiated by the Ultimate Shareholder or Shareholder 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 policies, health and safety ensure consistency/commonality, so far as practical and appropriate to the needs of the business and
 - (c) that no changes are made to any such policies by any Subsidiary without the Company's approval.
 - (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.
- (2) The Company shall implement and adopt (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 Shareholder and Ultimate 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

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 by written resolution or a decision taken in accordance with article 13.

(2) If—

(a) the Company only has one director, and

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

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

Unanimous decisions

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.

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

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

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

Calling a directors' meeting

14.

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

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

(a) its proposed date and time;

(b) where it is to take place; and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

(3) Notice of a directors' meeting must be given to each director, but need not be in writing.

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.

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

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

Quorum for directors' meetings

16.

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

(2) The quorum for directors' meetings must never be less than two, and which number must include a council director to be quorate.

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

(a) to appoint further directors, or

(b) to call a general meeting so as to enable the shareholders to appoint further directors.

Chairing of directors' meetings

17.

(1) The Shareholder shall appoint the chair of the directors' meetings as set out in the Reserved Matters

(2) The directors may appoint a director to chair their meetings if the Shareholder fails to appoint a chair or the chair fails to attend a meeting within 10 minutes of the appointed time or is otherwise agreed in advance with the Shareholder appointed chair.

(3) The person so appointed for the time being is known as the chair.

(4) The directors may terminate the chair's appointment at any time.

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

Casting vote and the Right to Veto

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.

(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.

(3) The right is reserved to the council directors to veto any directors' decision agreed at a directors' meeting or by a written resolution or by such other means.

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.

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

(3) This paragraph applies when—

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

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

- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the Company or Group;
 - (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or Group, 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 Group 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, the Ultimate Shareholder or a relevant Company.
- (e) In this article 19, a "relevant Company" means:
- (a) the Company; the holding Company of the Company, the Council and all subsidiaries and subsidiary undertakings of that holding Company; or
 - (b) any other body corporate promoted by the Company or in which the Company or Shareholder or Council is otherwise interested and
 - (c) which for the avoidance of doubt includes an Associated Company.

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

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

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the 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.

Records of decisions to be kept

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

Directors' discretion to make further rules

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

APPOINTMENT OF DIRECTORS

Methods of appointing directors

22.

- (1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—
 - (a) by ordinary resolution, or
 - (b) by a decision of the directors as prescribed in accordance with these articles'.
- (2) The Shareholder shall appoint and remove directors of the Company.
- (3) Subject to these articles all directors shall be appointed by the Shareholder by an ordinary resolution which may be a written resolution ('notice of appointment') and serving this upon the Company.
- (4) The notice 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.
- (5) The appointment or removal of directors takes effect on the date on which the notice of appointment is received by the Company or, if a later date is given in the notice, on that date.
- (6) 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 has been received from the Shareholder or such other determination has been made by the Shareholder or until the following annual general meeting whichever is the earlier. If not reappointed at such annual general meeting he/she shall vacate office at the conclusion thereof.
- (7) No other directors shall be appointed other than as permitted by the articles
- (8) Subject to the articles, 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.

Termination of director's appointment

23.

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 or the Group 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 and the Ultimate Shareholder.

Directors' remuneration

24.

- (1) Directors may undertake any services for the Company that the directors decide.
- (2) Directors shall not be entitled to receive any remuneration and or any other financial benefits in whatever form, without the prior written consent of the Shareholder and the Ultimate Shareholder :
 - (a) for their services to the Company as directors, and
 - (b) for any other service which they undertake for the Company.
- (3) Subject to the articles, a director's remuneration may—
 - (a) take any form,
 - (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 , and
 - (c) include any benefit in kind.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (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.
- (6) If a decision is made pursuant to these articles to remunerate any elected members 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 ;

Directors' expenses

25.

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

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.

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

Powers to issue different classes of share

27.

(1) Subject to the articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

(2) Subject to the articles, the Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and upon such terms, conditions and manner of redemption of any such shares as may be permitted or authorised by the Shareholder and the Ultimate Shareholder.

Purchase of own shares

28.

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.

Company not bound by less than absolute interests

29.

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.

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.

(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.

(3) No certificate may be issued in respect of shares of more than one class.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(5) Certificates must—

- (a) have affixed to them the Company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

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.

(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.

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.

(2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

(3) The Company may retain any instrument of transfer which is registered.

(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.

(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.

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.

(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.

(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.

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.

(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.

(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.

Transmittees bound by prior notices

35.

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

Procedure for declaring dividends

36.

(1) The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

(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.

(3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

(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.

(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.

(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.

(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.

Dividend Policy

37.

(1) The Company will produce a dividend policy to be approved by the Shareholder and the directors will only recommend a dividend in accordance with the Dividend Policy.

(2) The Company shall obtain the Shareholders approval to the dividend policy for any of its subsidiaries (if any).

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.

(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.

No interest on distributions

39.

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 holder of that share and the Company.

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.
- (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.
- (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.

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).
- (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.

Waiver of distributions

42.

- 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

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.

(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.

(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.

(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.

(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

Members

44.

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 officers. The person so authorised 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.

General Meetings

45.

- (1) The Company shall hold a general meeting at least once in each year in or about July or such other date being the earliest date upon which the documents required in article 46 (4) can be produced to the meeting (the Annual General Meeting).
- (2) General meetings shall be held at such times and places as the directors shall appoint.
- (3) The directors may call general meetings and/or on the requisition of members and they shall forthwith proceed to convene a general meeting for a date not later than sixty days after receipt of the requisition.
- (4) The directors shall be required to publish and circulate to the Shareholder at least seven clear days before the date of the Annual General Meeting the following documents and any other documents required or notified by the Shareholder namely:
 - an Agenda
 - minutes of the previous Annual General Meeting
 - proposed resolutions, approvals and actions
 - annual audited accounts
 - any supporting or ancillary information, analysis or documentation as necessary or as reasonably required by the Shareholder

Notice of general meetings

46.

- An annual general meeting shall be called by giving at least thirty clear days' notice to all shareholders and the Council. All other general meetings shall be called by at least fourteen clear days' notice to shareholders and the Council but a general meeting may be called by shorter notice if it is agreed by all the members entitled to attend and vote.
- (2) The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and in the case of an annual general meeting to specify and include the items prescribed by these articles or as otherwise required by the Shareholder.
 - (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.
 - (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.

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.
- (2) A person is able to exercise the right to vote at a general meeting when—
 - (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum for general meetings

48.

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. One person entitled to vote upon the business to be transacted being a duly authorised representative or proxies for the Shareholder shall constitute a quorum.

Chairing general meetings

49.

- A chair of the meeting shall be appointed by the the Shareholder and the chair shall chair general meetings if present and willing to do so.
- (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 shareholder to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.
 - (3) The person chairing a meeting in accordance with the article is referred to as "the chair of the meeting".

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.
- (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.

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.

(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.

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

(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.

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

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

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

VOTING AT GENERAL MEETINGS

Voting: general

52.

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

Errors and disputes

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.

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

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

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.
- (2) The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as—
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

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.

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

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

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

Amendments to resolutions

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.

(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.

(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.

Policy and Practice

58.

The Shareholder may in the interests of transparency consistency and clarity of its dealings with the Company and the Group publish a Policy and Practice document (Policy Document) and if it does implement such a Policy Document that:

- it shall keep such document under continuous review and update the said Policy Document at least once in every year
- it shall consult with and take into consideration any submissions, comments and suggestions of the Company to revise or vary the said Policy Document
- it shall apply the policy and practice set out in the Policy Document and
- whether or not expressly stated or not any obligation, decision, resolution, approval or other matter required of the Shareholder by the terms of any

agreement, the Articles of Association or otherwise concerning the Company shall be governed by that Policy Document.

Shareholder exercise of its powers rights and responsibilities

59.

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

- (1) that it shall not make any unreasonable enquiries of the Board or Company;
- (2) to keep the frequency of any enquiries to a minimum
- (3) to adhere to and observe the respective roles and functions of the Board and that of the Shareholder as managing its subsidiary and 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 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

Company Secretary

60.

- (1) The Shareholder shall appoint and remove a Company Secretary of the Company upon such terms and conditions as it sees fit by the Shareholder serving upon the Company notice of such appointment or the removal thereof in the form of a letter.
- (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.
- (3) The appointment or removal of the Company secretary takes effect on the date on which the letter of appointment is received by the Company or, if a later date is given in the notice, on that date.

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.

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

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

Company seals

62.

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

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

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

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

- (a) any director of the Company;
- (b) the Company secretary (if any); or
- (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

(5) The Company and the Shareholder shall at their own cost and expense, on being required to do so by the other now or at any time in the future, do or procure the doing of all such acts and things and/or execute or produce the execution of all such further deeds and documents (in a form satisfactory to the other) which the other may reasonably consider necessary for giving effect to these articles.

No right to inspect accounts and other records

63.

Except as provided by law or authorised by the directors or shareholder or by an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents.

Provision for employees on cessation of business

64.

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.

Whistleblowing

65.

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

Indemnity

- 66.—(1) Subject to paragraph (2), a relevant director of the Company or other officer or an associated Company may be indemnified out of the Company's assets against—
- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company 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 as an officer of the Company or an associated Company acting on behalf or within the scope of the Company.
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- (3) In this article—
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
 - (b) a "relevant director" means any director or former director of the Company or an associated Company
 - (c) "other officer" means a Company secretary (if any), any other employee, individual acting on behalf of the Company or agent of the Company

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

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 Shareholder Agreement(if any) or Articles as the case may be shall be approved by the Shareholder.
- (2) The Company shall not, without the consent of the Shareholder, sell or acquire shares in any Company.
- (3) The Company shall require each Subsidiary (if any) to produce a Business Plan as specified by the 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.
- (5) In respect of any Associated Company the Company shall use its reasonable endeavours to secure that Company's compliance with these articles as appropriate.

Public Body Considerations

69.

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. 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.

SCHEDULE 1

RESERVED MATTERS

The following matters are Reserved Matters unless they have been approved in advance by the Shareholder under the Business Plan. The Directors shall not undertake or approve any Reserved Matter without the written approval of the Shareholder. The Reserved Matters are:-

- Any variation of the Articles of the Company or Group;
- Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;
- Approval of the Business Plan of the Company or Group;
- Extension of the Company's or Group business into major business or geographic areas;
- Any decision to cease to operate all or any material part of the Company's or Group business;
- Significant and material changes to the management and control structure of the Company or any Group;
- Making or paying any dividend or distribution;
- Implementation or variation of any treasury policies, including foreign currency exposure;
- The establishment of credit limits for the placing of deposits with individual financial institutions, approval of the issue of loan stock or similar debt instruments;
- The giving of security over any asset of the Company or Group;
- The entry into loan facilities, debt financing, sale and lease financing arrangements;
- The giving of guarantees, indemnities or financial letters of comfort;
- The appointment or replacement of Auditors;
- Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees;
- Establishing or amending any pension scheme or grant any pension rights to any Director, officer, employee, former Director, officer or employee or any member of such person's family;
- Permitting the registration of any additional shareholder of the Company;
- Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;
- Appointment and dismissal of Directors (including non-executive Directors) to the Company;
- Appointment of the Chair of the Board and the Company Secretary for the Company;
- Agreeing the remuneration package (and any changes thereto) of directors of the Company;

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 or entering into any arrangement, contract or transaction which may impact on the Shareholders statutory functions, commercial interests or reputation;

- Alterations to the name or registered office of the Company;
- Adopting or amending its Strategic Plan in respect of each Financial Year;
- Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);
- Amalgamating or merging with any other Company or business undertaking;
- Altering the mandate (ie authorised signatories) with the Bank;
- Material legal proceedings outside of ordinary business;
- Any provisions for employees upon the cessation of the Company or Group;
- Approval of the Dividend Policy (and any changes thereto) of the Company or Group; and
- Acquisition, disposal, charging or any other disposition of any real estate or interests in land and property.