

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

of

abrdn Charitable Foundation

Company number: SC406758

(as adopted by written special resolution dated 14 July 2023)



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PART 1 - INTERPRETATION AND LIMITATION OF LIABILITY

1. DEFINED TERMS

1.1 In the articles, unless the context requires otherwise:

2005 Act means the Charities and Trustee Investment (Scotland) Act 2005;

accounts sign-off board meeting means the meeting of the directors in each year at which the accounts of the company for the preceding financial year are approved by the directors;

articles means the company's articles of association for the time being in force;

associated company means any subsidiary of the company, any holding company of the company and any other subsidiary of such a holding company;

award of sequestration includes an order (or similar step) in individual insolvency proceedings in a jurisdiction other than Scotland which has an effect similar to that of an award of sequestration;

chairman has the meaning given in article 16.1;

chairman of the meeting has the meaning given in article 41.3;

charity means a body which is either a "Scottish charity" within the meaning of section 13 of the 2005 Act or a "charity" within the meaning of section 1 of the Charities Act 2011, providing (in either case) that its objects are limited to charitable purposes;

charity trustee has the meaning given in the 2005 Act;

charitable purpose means a charitable purpose under section 7 of the 2005 Act which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;

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;

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

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

eligible director means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter);

holding company has the meaning given in section 1159 of the Companies Act 2006;

independent director has the meaning given in article 31

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

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

parent has the meaning given in article 6.1;

parent's group means the group of companies comprising the parent, any subsidiary of the parent, any holding company of the parent, and any subsidiary of any holding company of the parent;

participate, in relation to a directors' meeting, has the meaning given in article 14;

person includes any individual, firm, body corporate (wherever incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality);

property means any property, heritable or moveable, real or personal, wherever situated;

proxy notice has the meaning given in article 47.1;

relevant loss has the meaning given in article 56.2;

relevant person has the meaning given in articles 55.4;

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

s.175 has the meaning given in article 20;

subsidiary has the meaning given in section 1159 of the Companies Act 2006;

Taxes Acts means the Corporation Tax Act 2010 and all other relevant UK tax legislation;

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.
- 1.3 Subject to article 1.2, any reference to a provision of any legislation (including any statutory instrument) shall include any statutory modification or re-enactment of that provision in force from time to time.
- 1.4 The model articles for private companies limited by guarantee contained in Schedule 2 of The Companies (Model Articles) Regulations 2008 shall not apply to the company except in so far as they are repeated in 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 the company being wound up while it is a member or within one year after it ceases to be a member, for:
- 2.1.1 payment of the company's debts and liabilities contracted before it ceases to be a member;
 - 2.1.2 payment of the costs, charges and expenses of winding up; and
 - 2.1.3 adjustment of the rights of the contributories among themselves.

PART 2 - DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3. DIRECTORS' GENERAL AUTHORITY

- 3.1 Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

4. OBJECTS AND POWERS

- 4.1 The objects of the company are specifically restricted to the following:
- 4.1.1 the prevention or relief of poverty;
 - 4.1.2 the advancement of education;
 - 4.1.3 the advancement of health;
 - 4.1.4 the advancement of citizenship or community development;
 - 4.1.5 the advancement of the arts, heritage, culture or science;
 - 4.1.6 the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended;
 - 4.1.7 the promotion of equality and diversity;
 - 4.1.8 the advancement of environmental protection or improvement;
 - 4.1.9 the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage;
 - 4.1.10 the advancement of animal welfare;
 - 4.1.11 the advancement of public participation in sport;

4.1.12 the advancement of human rights, conflict resolution or reconciliation;

4.1.13 the promotion of religious or racial harmony; and

4.1.14 any other purpose that may reasonably be regarded as analogous to any of the preceding purposes

and in particular (but without restricting the company's power to take other steps in pursuance of the above aims) to partner with charities and other organisations to provide financial support to projects and initiatives that deliver positive and impactful solutions to key social and environmental challenges in the regions in which it operates.

4.2 In pursuance of those objects (but not otherwise) the company shall have the following powers:

4.2.1 to provide financial support through the award of grants, low-interest loans and/or other means in pursuance of the company's objects;

4.2.2 to take such steps as may be deemed appropriate for the purpose of raising funds and obtaining in-kind donations for the company's activities;

4.2.3 to accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them);

4.2.4 to acquire and take over the whole or any part of the undertaking and liabilities of any body holding property or rights which are suitable for the company's activities;

4.2.5 to form companies whose activities may generate income to support the furtherance of the company's objects, acquire and hold shares and other interests in such companies, and carry out in relation to any such company all such functions as may be associated with a holding company;

4.2.6 to carry on any other activities which further any of the company's objects;

4.2.7 to purchase, take on lease, hire, or otherwise acquire, any property or rights;

4.2.8 to improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company;

4.2.9 to sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company;

4.2.10 to lend money and give credit (with or without security) and to grant guarantees and issue indemnities;

4.2.11 to borrow money, and to give security in support of any such borrowings by the company, in support of any obligations undertaken by the company or in support of any guarantee issued by the company;

- 4.2.12 to employ such staff as are considered appropriate for the proper conduct of the company's activities, and to make reasonable provision for the payment of salaries, pensions and/or other benefits for members of staff, ex-members of staff and their dependants;
- 4.2.13 to engage such consultants and advisers as are considered appropriate from time to time;
- 4.2.14 to effect insurance of all kinds (which may include officers' liability insurance);
- 4.2.15 to invest any funds which are not immediately required for the administration of the company or for the company's objects, in such investments as may be considered appropriate (and to dispose of, and vary, such investments) and on the basis that the directors may, for the avoidance of doubt, enter into such arrangements (which may include discretionary investment management) for the management of the company's investments from time to time as the directors may consider appropriate;
- 4.2.16 to liaise with other voluntary sector bodies, local authorities, international, European, UK or Scottish government departments and agencies, and other bodies, all with a view to furthering the company's objects;
- 4.2.17 to establish and/or support any other charity, and to make donations for any charitable purpose falling within the company's objects;
- 4.2.18 to form any company which is a charity with objects which are similar (wholly or in part) to the company's objects, and, if considered appropriate, to transfer to any such company (without any payment being required from that other company) the whole or any part of the property of the company;
- 4.2.19 to oppose, or object to, any application or proceedings which may prejudice the company's interests;
- 4.2.20 to compromise or settle all disputed claims by or against the company;
- 4.2.21 to enter into any arrangement with any organisation, government or authority which may be advantageous for the purpose of the activities of the company, and to enter into any arrangement for co-operation or mutual assistance with any charity; and
- 4.2.22 to do anything which may be incidental or conducive to the furtherance of any of the company's objects.

5. APPLICATION OF INCOME AND PROPERTY

5.1 Subject to article 5.2:

- 5.1.1 the income and property of the company shall be applied solely towards the promotion of its objects (as set out in article 4.1);

- 5.1.2 no part of the income or property of the company shall be paid or transferred (directly or indirectly) to the members of the company by way of dividend, bonus or otherwise;
- 5.1.3 no director of the company shall be appointed to any office under the company in respect of which a salary or fee is payable; and
- 5.1.4 no benefit (in money or money's worth) shall be given by the company to any director except repayment of out-of-pocket expenses.

5.2 The company shall, notwithstanding the provisions of article 5.1, be entitled to make reasonable payments, in each case at a level which does not exceed what the directors reasonably consider to be the market rate, for accommodation, services and facilities (which may, without limitation, include the benefit of secondment arrangements) provided to the company by a member of the company.

6. SOLE MEMBER'S RESERVE POWER – APPOINTMENT/REMOVAL OF DIRECTORS; AND ISSUE OF DIRECTIONS TO THE BOARD

- 6.1 For so long as the company is a sole member company, the following provisions shall apply, subject to the provisions of article 28 (but without prejudice to the provisions of section 168 of the Companies Act 2006 which shall remain as an alternative process to that set out in this article 6.1) and, to the extent of any inconsistency, shall have an overriding effect as against all other provisions of these articles:
 - 6.1.1 the sole member of the company (referred to in these articles as the **parent**) may at any time and from time to time appoint any individual (providing (a) he is not debarred by article 30 from serving as a director; and (b) he is willing so to act) to be a director or remove from office any director howsoever appointed; and
 - 6.1.2 the parent may direct the board of directors to take, or refrain from taking, specified action.
- 6.2 Any such appointment or removal of a director, or any such direction to the board of directors, shall be by way of notice in writing signed on behalf of the parent by any one of its directors or by its secretary or by some other person duly authorised for the purpose; and (subject to article 6.3) shall take effect from the date on which the notice is received, or deemed to have been received, by the company.
- 6.3 Where a notice issued in pursuance of clause 6.2 specifies a date - falling after the date on which the notice is received, or deemed to be received, by the company - from which it is to take effect, the notice shall take effect from the date specified in the notice.
- 6.4 No notice given pursuant to paragraph 6.1.2 of article 6.1 (as read with article 6.2) invalidates anything which the directors have done before such notice was received (or was deemed to have been received) by the company.

7. DIRECTORS MAY DELEGATE

7.1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:

7.1.1 to such person, or to such committee consisting of two or more persons;

7.1.2 by such means (including by power of attorney);

7.1.3 to such an extent;

7.1.4 in relation to such matters or territories; and

7.1.5 on such terms and conditions,

as they think fit.

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

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

7.4 In any case where the directors delegate any of their powers to a committee which includes individuals who are not directors of the company, the role of the committee shall be limited (except to the extent that the directors otherwise determine) to the issue of reports and recommendations for consideration by the board of directors.

8. COMMITTEES

8.1 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.

8.2 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.

9. SECRETARY

9.1 The company shall have a company secretary. The directors shall appoint any person to be the secretary for such term and upon such conditions as they may think fit; and any secretary so appointed may be removed by them. A person ceases to be secretary as soon as notification is received by the company from the secretary that the secretary is resigning from office, and such resignation has taken effect in accordance with its terms.

DECISION-MAKING BY DIRECTORS

10. DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 10.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with articles 11 or 12.

11. MAJORITY DECISIONS BY WRITTEN RESOLUTION

- 11.1 The directors may make decisions by way of resolution in writing. Each eligible director must be given a copy in writing of any proposed written resolution.
- 11.2 A decision of the directors is taken in accordance with this article when a majority of eligible directors indicate their agreement to the resolution in writing by either:
- 11.2.1 signing a copy of the resolution; or
 - 11.2.2 indicating in writing to the company secretary and/or all of the other directors their agreement to the resolution in a form satisfactory to the company secretary.
- 11.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at a directors' meeting.

12. UNANIMOUS DECISIONS

- 12.1 Without prejudice to article 11, 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.
- 12.2 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

13. CALLING A DIRECTORS' MEETING

- 13.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary to give such notice.
- 13.2 Notice of any directors' meeting must indicate:
- 13.2.1 its proposed date and time; and
 - 13.2.2 where it is to take place.
- 13.3 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 13.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 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.

14. **PARTICIPATION IN DIRECTORS' MEETINGS**

14.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when:

14.1.1 the meeting has been called and takes place in accordance with the articles; and

14.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

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

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

15. **QUORUM FOR DIRECTORS' MEETINGS**

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

15.2 The quorum for directors' meetings shall (subject to articles 15.3) be three directors, to include the chairman and an independent director.

15.3 For the purposes of any meeting (or part of a meeting) held pursuant to article 20.1 to authorise a director's conflict or at which a matter of the nature referred to in article 23.1 is to be discussed, if the number of eligible directors present at the meeting (or part of a meeting) is lower than the quorum required under article 15.2, the quorum for such meeting (or part of a meeting) shall be the number of eligible directors present at the meeting (or part of a meeting).

15.4 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 to:

15.5.1 request the parent to appoint further directors; or

15.5.2 call a general meeting so as to enable the members to appoint further directors.

16. **APPOINTMENT OF CHAIRMAN AND OTHER OFFICE-BEARERS**

16.1 The directors shall (subject to article 16.4) elect from among themselves a chairman (referred to in these articles as the **chairman**), and such other office bearers (if any) as they consider appropriate.

16.2 The chairman to be elected under article 16.1 must not be an independent director.

- 16.3 The appointments under article 16.1 shall (subject to article 16.4) be made at meetings of directors.
- 16.4 The parent shall be entitled, immediately following the passing of the resolution adopting these articles of association, to appoint one of the directors as the chairman by way of notice in writing signed on behalf of the parent by any one of its directors or by its secretary or by some other person duly authorised for the purpose; and he shall then hold office as chairman (subject to article 16.6) until his period of office expires under article 16.5 or (if any other period of office is so specified) until the expiry of the period of office specified in the notice appointing him as chairman.
- 16.5 Each office shall be held (subject to article 16.6) until the conclusion of the third accounts sign-off board meeting which follows the date of appointment of an individual to the relevant office; a director whose period of office expires under this article may be re-appointed to that office under article 16.1 (providing he is willing to act).
- 16.6 The appointment of any director as chairman, or as holder of any other office under article 16.1, shall terminate if:
- 16.6.1 he ceases to be a director; or
 - 16.6.2 he resigns from that office by notice to the company; or
 - 16.6.3 (in the case of a chairman appointed under article 16.1) he is removed from office as chairman prior to the expiry of the period of office applicable under article 16.5, by way of a notice in writing to that effect, signed on behalf of the parent by any one of its directors or by its secretary or by some other person duly authorised for the purpose.
- 16.7 If the appointment of a director to any office under article 16.1 terminates, subject to article 16.4, the directors shall appoint another director to hold the office in his place.

17. CHAIRING OF DIRECTORS' MEETINGS

- 17.1 The chairman shall chair directors' meetings if present and willing to do so.
- 17.2 If there is no chairman in office, or if the chairman is unwilling to chair a directors' meeting or 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.

18. CASTING VOTE

- 18.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

- 18.2 Article 18.1 shall not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19. ATTENDANCE AT DIRECTORS' MEETINGS

- 19.1 The directors shall be entitled to allow any person to attend and speak (but not vote) at any meeting of the directors.
- 19.2 A person invited to attend a meeting of the directors under article 19.1 shall not be entitled to exercise any of the powers of a director, and shall not be deemed to be a director for the purposes of the Companies Acts or any provision of these articles.

20. CONFLICT OF INTEREST SITUATIONS

- 20.1 For the purposes of section 175 of the Companies Act 2006 (s.175), the directors shall have the power to authorise any matter proposed to them in accordance with these articles which would, if not so authorised, involve a breach of the duty of a director under s.175 to avoid a situation in which he has, or could have, a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the company.
- 20.2 Any authorisation of a matter under article 20.1 may be given on such terms as the directors may determine. Such authorisation may be given subject to any conditions or limitations the directors impose, whether at the time of giving the authorisation or subsequently, but such authorisation is otherwise given to the fullest extent permitted. A director shall comply with any obligations imposed upon him or undertakings given by him pursuant to such authorisation. The directors may vary or terminate any such authorisation at any time.
- 20.3 Without prejudice to articles 20.1 and 20.2, a director of the company may be a director or employee of the parent and/or of any member of the parent's group; the duty of directors under s.175 to avoid situations under which they have, or could have, a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the company shall not extend to any such relationship with the parent or any such member of the parent's group, and the directors need not authorise any such matter under article 20.1.
- 20.4 Without prejudice to the provisions of the 2005 Act, a director shall not, in the absence of agreement by him to the contrary, be accountable to the company for any profit, remuneration or other benefit which he (or a person connected with him) derives from any matter authorised by the directors in accordance with article 20.1 and (without prejudice to the provisions of the 2005 Act) any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such profit, remuneration or benefit.

21. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

21.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Companies Act 2006 and to sections 67 and 68 of the 2005 Act, and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company:

21.1.1 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;

21.1.2 may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;

21.1.3 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested or which is a subsidiary undertaking of the company, a parent undertaking of the company or a subsidiary undertaking of any such parent undertaking; and

21.1.4 shall not, save as he may otherwise agree (and in any event subject to the provisions of the 2005 Act), be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Companies Act 2006)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate; and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Companies Act 2006.

21.2 The directors shall procure that a register of directors' interests is maintained in accordance with the provisions in this regard contained in the code of conduct for directors referred to in article 22.4

22. CONDUCT OF DIRECTORS

22.1 It is the duty of each director of the company to take decisions (and exercise his other powers and responsibilities as a director) in such a way as he considers, in good faith, will be most likely to promote the success of the company in achieving its objects (as set out in article 4.1) and will be in the interests of the company, and irrespective of any office, post, engagement or other connection which he may have with any other body which may have an interest in the matter in question.

22.2 Without prejudice to the principle set out in article 22.1, each of the directors shall have a duty, in exercising functions as a charity trustee, to act in the interests of the company; and, in particular, must:

22.2.1 seek, in good faith, to ensure that the company acts in a manner which is in accordance with its purposes;

22.2.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;

22.2.3 in circumstances giving rise to the possibility of a conflict of interest between the company and any party responsible for the appointment of that director:

(a) put the interests of the company before that of the other party; or

(b) where any other duty prevents him from doing so, disclose the conflicting interest to the company and refrain from participating in any deliberation or decision of the other directors with regard to the matter in question;

22.2.4 ensure that the company complies with any direction, requirement, notice or duty imposed under or by virtue of the 2005 Act.

22.3 In addition to the duties outlined in article 22.2, all of the directors must take such steps as are reasonably practicable for the purpose of ensuring:

22.3.1 that any breach of any of those duties by a director is corrected by the director concerned and not repeated; and

22.3.2 that any director who has been in serious or persistent breach of those duties is removed as a director.

22.4 Each of the directors shall comply with the code of conduct (incorporating detailed rules on conflict of interest) prescribed by the board of directors from time to time; for the avoidance of doubt, the code of conduct shall be supplemental to the provisions relating to the conduct of directors contained in these articles of association, and the relevant provisions of these articles shall be interpreted and applied in accordance with the provisions of the code of conduct in force from time to time.

23. **CONFLICTS OF INTEREST – PARTICIPATION IN DECISION-MAKING**

23.1 Subject to article 23.3, a director shall not vote at a meeting of directors or at a meeting of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, a personal interest or duty (unless immaterial) which conflicts or may conflict with the interests of the company.

23.2 For the purposes of the preceding article:

- 23.2.1 an interest of a person who is taken to be connected with a director for any purpose of the 2006 Act shall be treated as a personal interest of the director; and
- 23.2.2 a director shall (subject to article 23.3) be deemed to have a personal interest in relation to a particular matter if a body in relation to which he is an employee, director, member of the management committee, officer or elected representative has an interest in that matter.
- 23.3 A director shall, (notwithstanding the provisions of article 23.1 and paragraph 23.2.2 of article 23.2) be entitled to vote in relation to a particular matter notwithstanding that the parent or any member of the parent's group has an interest in that matter; but on the basis that in exercising their voting rights in respect of any such matter, the directors shall comply with the provisions of articles 22.1 and 22.2.
- 23.4 A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
- 23.5 The company may (subject to the provisions of the 2005 Act) by ordinary resolution suspend or relax to any extent, either generally or in relation to any particular matter, the provisions of articles 23.1 to 23.4.
- 23.6 Subject to article 23.7, 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 chairman - whose ruling, in relation to any director other than the chairman, is to be final and conclusive.
- 23.7 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 23.8 The provisions of articles 23.1 to 23.7 shall apply (with any necessary modifications) in relation to any decision taken by the directors in accordance with the provisions of articles 11 and 12 (majority decisions by written resolution and unanimous decisions).
- 24. CHANGE OF NAME**
- 24.1 For the avoidance of doubt, the name of the company may be changed only by a resolution of the sole member.

25. RECORDS OF DECISIONS TO BE KEPT

- 25.1 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.

26. DIRECTORS' DISCRETION TO MAKE FURTHER RULES

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

APPOINTMENT OF DIRECTORS

27. BOARD COMPOSITION – GENERAL PRINCIPLES

- 27.1 In exercising its powers in relation to the appointment of directors, the board shall seek to ensure (so far as can reasonably be achieved) that there is an appropriate blend of relevant skills and experience at board level to support good governance and (so far as can reasonably be achieved) that there are representatives drawn from the various regions and functions of the parent group's business.
- 27.2 The board shall also have regard to principles of equalities and diversity in exercising their powers in relation to appointment of directors.

28. METHODS OF APPOINTING DIRECTORS

- 28.1 Without prejudice to article 6 and subject to article 29 the board may, by way of a majority decision of the directors, appoint any person who is willing so to act to be a director on the basis that he/she has special skills/experience which would be of assistance to the board.
- 28.2 The board shall not be entitled to appoint independent directors, who shall only be appointed in accordance with the provisions of article 31.

29. NUMBER OF DIRECTORS

- 29.1 The minimum number of directors shall be six and the maximum number shall be nine.
- 29.2 At any given time, at least one of the directors in office must be an independent director.

30. ELIGIBILITY TO SERVE AS A DIRECTOR

- 30.1 An individual shall not be eligible to serve as a director:
- 30.1.1 if he is disqualified under the 2005 Act from serving as a charity trustee;
 - 30.1.2 if he is disqualified under the Company Directors Disqualification Act 1986 from serving as a director; or
 - 30.1.3 if he is an employee of the company.

- 30.2 At all times, the majority of directors in office must be either directors or employees of the parent.

31. **INDEPENDENT DIRECTORS – SELECTION**

- 31.1 The parent shall be guided by recommendations made by the board in relation to the selection of appropriate individuals for appointment as independent directors and shall have regard to the principles outlined in article 27.
- 31.2 Subject to article 29, the parent, may by notice in writing, signed on its behalf by an appropriate officer and given to the company:
- 31.2.1 appoint any person who is willing so to act to be an independent director on the basis that he/she has special skills/experience which would be of assistance to the board;
 - 31.2.2 remove any independent director from office as a director.
- 31.3 Any appointment or removal of an independent director under article 31.2 shall have effect from the date on which the relevant notice is given to the company, or if a later date is stated in the notice, with effect from that later date.
- 31.4 For the purposes of these articles, a director shall be taken to be an **independent director** if he is neither a director nor employee of the parent.
- 31.5 Any independent directors appointed by the parent shall be selected for appointment on the basis of their having skills and experience which, in the opinion of the parent, would allow them to make a substantial contribution to the work of the board of directors.

32. **DIRECTORS – RETIRAL/RE-APPOINTMENT**

- 32.1 At the conclusion of each accounts sign-off board meeting, any director who has served for a period of three consecutive years since he was appointed (or, as the case may be, was last re-appointed) shall retire from office, but shall then be eligible for re-appointment.
- 32.2 For the purposes of article 32.1:
- 32.2.1 the period between the date of appointment of a director and the accounts sign-off board meeting which next follows shall be deemed to be a period of one year, unless it is of less than six months' duration (in which case it shall be disregarded);
 - 32.2.2 the period between one accounts sign-off board meeting and the next shall be deemed to be a period of one year;
 - 32.2.3 if a director ceases to hold office as a director but is re-appointed as a director within a period of six months, he shall be deemed to have held office as a director continuously.

For the avoidance of doubt, any period in office as a director prior to the adoption of these articles shall be counted in applying the provisions of article 32.1, subject to article 33.1 below.

32.3 A director may be appointed for a maximum of three three-year terms in total.

32.4 For the purposes of paragraph 32.3, a "three-year term" shall be calculated in accordance with the principles underlying article 32.2.

33. **TRANSITIONAL ARRANGEMENTS**

33.1 In order to ensure a smooth transition to the retiral arrangements outlined in article 32, any director in office at the time of the adoption of these articles of association, shall be entitled to remain in office for a period of up to two years, notwithstanding the maximum term of office specified in article 32.

34. **TERMINATION OF DIRECTOR'S APPOINTMENT**

34.1 A person ceases to be a director as soon as:

34.1.1 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or any other provision of these articles or is prohibited from being a director by law or prohibited from being a charity trustee (within the meaning of the 2005 Act);

34.1.2 he becomes an employee of the company;

34.1.3 an award of sequestration is made in respect of that person;

34.1.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;

34.1.5 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically incapable of acting as a director and may remain so for more than three months;

34.1.6 written notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;

34.1.7 he is absent (without permission of the directors) from more than three consecutive meetings of directors and the directors resolve to remove him from office;

34.1.8 he is removed from office by resolution of the directors on the grounds that he is considered to have committed a material breach of the code of conduct for directors in force from time to time (as referred to in article 22.4); or

34.1.9 he is removed from office by a resolution of the directors on the grounds that he is considered to have been in serious or persistent breach of his duties under section 66(1) or (2) of the 2005 Act.

34.2 A resolution under paragraph 34.1.8 or 34.1.9 shall be valid only if:

33.2.1 the director who is the subject of the resolution is given reasonable prior written notice by the directors of the grounds upon which the resolution for his removal is to be proposed;

34.2.2 the director concerned is given the opportunity to address the meeting of directors at which the resolution is proposed, prior to the resolution being put to the vote; and

34.2.3 at least two thirds (to the nearest round number) of the directors then in office (excluding the director who is the subject of the resolution) vote in favour of the resolution.

35. DIRECTORS' REMUNERATION

35.1 No director may serve as an employee of the company, and no director may be given any remuneration by the company for carrying out his duties as a director or as chairman or as holder of any other office.

36. DIRECTORS' EXPENSES

36.1 The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:

36.1.1 meetings of directors or committees of directors;

36.1.2 general meetings; or

36.1.3 separate meetings of the holders of any debentures of the company;

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

PART 3 - MEMBERS

BECOMING AND CEASING TO BE A MEMBER

37. APPLICATIONS FOR MEMBERSHIP

37.1 No person shall become a member of the company unless:

37.1.1 that person has completed an application for membership in a form approved by the directors, and

37.1.2 the sole member (or, if there are two or more members at the time, all of the existing members) has/have approved the application.

- 37.2 For the avoidance of doubt, the sole member at the time when the resolution adopting these articles of association is passed shall remain as a member without any requirement to complete an application for membership under article 37.1.

38. TERMINATION OF MEMBERSHIP

- 38.1 A member may withdraw from membership of the company by giving 7 days' notice to the company in writing.
- 38.2 Membership is not transferable.
- 38.3 A person's membership terminates when that person dies or ceases to exist.

PART 4- DECISION-MAKING BY MEMBERS

ORGANISATION OF GENERAL MEETINGS

39. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

- 39.1 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.
- 39.2 A person is able to exercise the right to vote at a general meeting when:
- 39.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- 39.2.2 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.
- 39.3 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.
- 39.4 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.
- 39.5 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.

40. QUORUM FOR GENERAL MEETINGS

- 40.1 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum; one person present

and entitled to vote (being a proxy for a member or a duly authorised representative of a member which is a corporate body) shall be a quorum.

41. CHAIRING GENERAL MEETINGS

41.1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

41.2 If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

41.2.1 the directors present; or

41.2.2 (if no directors are present), the meeting;

must appoint a director or the authorised representative of a member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

41.3 The person chairing a meeting in accordance with this article is referred to as **the chairman of the meeting**.

42. ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-MEMBERS

42.1 Directors may attend and speak at general meetings, whether or not they are members.

42.2 The chairman of the meeting may permit other persons who are not:

42.2.1 members of the company; or

42.2.2 otherwise entitled to exercise the rights of members in relation to general meetings; to attend and speak at a general meeting.

43. ADJOURNMENT

43.1 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 chairman of the meeting must adjourn it.

43.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:

43.2.1 the meeting consents to an adjournment; or

43.2.2 it appears to the chairman 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.

43.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

43.4 When adjourning a general meeting, the chairman of the meeting must:

- 43.4.1 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
- 43.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 43.5 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):
 - 43.5.1 to the same persons to whom notice of the company's general meetings is required to be given; and
 - 43.5.2 containing the same information which such notice is required to contain.
- 43.6 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

44. VOTING: GENERAL

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

45. ERRORS AND DISPUTES

- 45.1 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.
- 45.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

46. POLL VOTES

- 46.1 A poll on a resolution may be demanded:
 - 46.1.1 in advance of the general meeting where it is to be put to the vote; or
 - 46.1.2 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.
- 46.2 A poll may be demanded by:
 - 46.2.1 the chairman of the meeting;
 - 46.2.2 the directors; or
 - 46.2.3 any person having the right to vote on the resolution.
- 46.3 A demand for a poll may be withdrawn if:

46.3.1 the poll has not yet been taken; and

46.3.2 the chairman of the meeting consents to the withdrawal.

46.4 Polls must be taken at such time and place and in such manner as the chairman of the meeting directs.

47. **CONTENT OF PROXY NOTICES**

47.1 Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which:

47.1.1 states the name and address of the member appointing the proxy;

47.1.2 identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

47.1.3 is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and

47.1.4 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.

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

47.3 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.

47.4 Unless a proxy notice indicates otherwise, it must be treated as:

47.4.1 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

47.4.2 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.

48. **DELIVERY OF PROXY NOTICES**

48.1 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.

48.2 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.

48.3 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.

- 48.4 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.

49. AMENDMENTS TO RESOLUTIONS

- 49.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 49.1.1 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 chairman of the meeting may determine); and
 - 49.1.2 the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 49.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 49.2.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - 49.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 49.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

DECISION MAKING OTHER THAN BY GENERAL MEETING

50. WRITTEN RESOLUTIONS

- 50.1 Subject to the provisions of the Companies Act 2006 and in particular any restrictions on the use of written resolutions, any resolution which could be put to the vote of a general meeting may be decided by way of written resolution of the members in accordance with the provisions of Chapter 2 of Part 13 of the Companies Act 2006.

PART 5 - ADMINISTRATIVE ARRANGEMENTS

51. MEANS OF COMMUNICATION TO BE USED

- 51.1 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.
- 51.2 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 including, without limitation, in electronic form.
- 51.3 If correctly addressed, notices or documents sent to a director in electronic form are deemed to have been received at the time of sending, and notices or documents sent by post are deemed to have been received the business day following the date of posting, in each case whether or not the notice is actually received.

52. ADDRESSES AND OTHER CONTACT DETAILS

- 52.1 Anything sent to a member under the articles may be sent to that member's address as registered in the register of members, unless:
 - 52.1.1 the member and the company have agreed that another means of communication is to be used; and
 - 52.1.2 the member has supplied the company with the information it needs in order to be able to use that other means of communication.
- 52.2 Any notice or document sent to a director may be sent to that director's address as registered in the register of directors, unless:
 - 52.2.1 the director and the company have agreed that another means of communication is to be used; and
 - 52.2.2 the director has supplied the company with the information it needs in order to be able to use that other means of communication.

53. COMPANY SEALS

- 53.1 The company may have a common seal but is not obliged to do so. Any common seal may only be used by the authority of the directors.
- 53.2 The directors may decide by what means and in what form any common seal is to be used.

53.3 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.

53.4 For the purposes of this article, an authorised person is:

53.4.1 any director of the company;

53.4.2 the company secretary (if any); or

53.4.3 any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

54. NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

54.1 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.

INDEMNITY AND INSURANCE

55. INDEMNITY

55.1 Subject to article 55.3, any person who is or was at any time a director or secretary of the company shall be indemnified out of the company's assets against:

55.1.1 any liability incurred by that person in connection with any negligence, default, breach of duty or breach of trust in relation to the company;

55.1.2 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);

55.1.3 any other liability, costs, charges, losses and expenses incurred by that person as an officer of the company and approved by the directors.

55.2 Without prejudice to article 55.1 and subject to article 55.3, a relevant person may be indemnified out of the company's assets against:

55.2.1 any liability incurred by that person in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company;

55.2.2 any liability incurred by that person in connection with the activities of the company or an associated company in each case in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006);

55.2.3 any other liability, costs, charges, losses and expenses incurred by that person as an officer of the company or an associated company and approved by the directors.

If the directors so resolve, the company may also fund any relevant person's expenditure on defending proceedings.

55.3 This article 55 does not create or authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

55.4 In this article 55 and in article 56 a **relevant person** means any person who is or was at any time a director, secretary, other officer or employee of the company or an associated company.

56. **INSURANCE**

56.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant person (subject to the provisions of the 2005 Act) in respect of any relevant loss.

56.2 In this article:

56.2.1 a **relevant person** has the meaning given in article 55.4, and

56.2.2 a **relevant loss** means any loss, cost, charge, expense or liability which has been or may be incurred by a relevant person in connection with that person'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.

57. **DISSOLUTION**

57.1 The members of the company may at any time before, and in expectation of, its dissolution resolve that any net assets of the company (after all its debts and other liabilities have been paid or provision has been made for them) shall, on or before the dissolution of the company, be applied or transferred in any of the following ways:

57.1.1 to another charity or charities with objects similar to those of the company; or

57.1.2 for some charitable purpose or purposes.