



**Reigate & Banstead**  
BOROUGH COUNCIL  
Banstead | Horley | Redhill | Reigate

<b>REPORT OF:</b>	HEAD OF LEGAL SERVICES
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<b>TO:</b>	HEALTH AND WELL BEING SUB COMMITTEE
<b>DATE:</b>	13 February 2017
<b>EXECUTIVE MEMBER:</b>	COUNCILLOR V.W. BROAD

<b>KEY DECISION REQUIRED:</b>	NO
<b>WARD (S) AFFECTED:</b>	ALL

<b>SUBJECT:</b>	<b>SHAREHOLDER RESPONSIBILITIES OF THE SUB COMMITTEE</b>
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**RECOMMENDATIONS:**

(i) To approve (on behalf of the Council) the following agreements and plans that are the Shareholder responsibility for the Health and Well Being Sub Committee :

- (a) **Letter of Comfort** (provided to the Board of Pathway to enable them to progress with registering the Company with Companies House and the Care Quality Commission) - set out in Part 2 of the agenda;
- (b) **Shareholder Agreement** (set out in Part 2 of the agenda) between the Company, T7 Group Limited and the Council including:
  - the current Business Plan and
  - the Loan/Draw Down agreement
- (c) any reserved matters required by the Articles of Association or Shareholder Agreement
- (d) Resource agreement (set out in Part 2 of the agenda)

(ii) That the Head of Legal Services be authorised to finalise the above documents, taking account of the Sub Committee's comments;

(iii) To approve (as shareholder):

- Articles of Association – attached at Annex 1.

(To be considered at the Shareholders meeting to follow the Sub Committee meeting).

**REASONS FOR RECOMMENDATIONS:**

To approve the Shareholder responsibilities that have been delegated to the Sub Committee from the Executive to enable the Health and Well Being Company to take forward its operations.



### **EXECUTIVE SUMMARY:**

The Executive, on 14 July 2016, authorised that the Health and Well Being Sub Committee would take on the responsibility for the Shareholder responsibility of the Council in relation to the Health and Well Being Company (Pathway for Care Limited).

Associated with those responsibilities the Shareholder is required to put the following in place:

- Revised Articles of Association (as the default Articles used at incorporation are not sufficient)

As a party to the documents in its own right, the Sub Committee needs to approve:

- Letter of Comfort (set out in Part 2 of the agenda - exempt)
- Shareholder Agreement (set out in Part 2 of the agenda - exempt)
- Business Plan (set out in Part 2 of the agenda - exempt)
- Resourcing agreement (set out in Part 2 of the agenda - exempt)
- Loan/Draw Down agreement (set out in Part 2 of the agenda - exempt)

As one of two shareholders the Council can approve some matters which are reserved to it under the proposed Shareholder Agreement or the Articles:

- Directors Service Agreements (to be considered at a future meeting)
- Other reserved matters required by the Articles of Association or Shareholder Agreement

This report requests the Sub Committee to approve the documents referenced above.

**The Sub Committee has the authority to approve the above recommendations.**

### **STATUTORY POWERS**

1. These are set out in the Annex to the report on the Sub Committee's remit at item 5.

### **BACKGROUND**

2. The Executive, on 14 July 2016, authorised that the Health and Well Being Sub Committee would take on the responsibility for the Council's Shareholding in relation to the Health and Well Being Company (Pathway for Care Limited).
3. Associated with those responsibilities the following documents now need to be put in place:
  - Letter of Comfort
  - Shareholder Agreement (set out in Part 2 of the agenda)
  - Business Plan (set out in Part 2 of the agenda)
  - Directors Service Agreements
  - Resource agreement (set out in Part 2 of the agenda)
  - Loan/Draw Down agreement (set out in Part 2 of the agenda)
  - Memorandum and Articles of Association

4. This report provides the Sub Committee with the following for its consideration:
  - Revised Articles of Association
5. At incorporation, the formation agent used standard articles which are not suited to a company of this nature. The Articles are now based on standard Model Articles of Association and have been adjusted by the Head of Legal Services to reflect the internal governance arrangements for the Sub Committee and to accommodate the requirements made in the shareholder agreement which provides a more detailed description of the arrangements between the Council and the company.
6. The following documents are provided in Part 2 of the Sub Committee's agenda for consideration:
  - Letter of Comfort
  - Shareholder Agreement
  - Business Plan
  - Loan/Draw Down agreement
  - Resource Agreement
7. If these documents require any further adjustment it is proposed that the Head of Legal Services be authorised to agree amendments with the Company and T7 Group Ltd in line with the comments of the Executive Sub-Committee.

#### **Directors Service Agreements**

8. It is usual for Directors of Companies to have service contracts to cover their employment and key role as an officer of the Company. In an ordinary company this will involve remuneration and other terms and conditions.
9. In the Report to Executive on 14 July 2016 the Council agreed that appointments of Directors to the company in key roles would be subject to agreement of the Council as shareholder.
10. Currently it is intended that the Council retain the employment of Mr John Jory and Mr Tom Kealey as Council employees and also to facilitate their employment as Directors in the company.
11. Overtime, the arrangements between the Council and the Company are expected to evolve so that more of Mr Jory's and Mr Kealey's time (and cost) and that of their teams, will be charged to the company. It is likely that at some point in the future the Company will take over the employment arrangements for Mr Kealey, at which point the Council will wish to give its consent to a Directors Service Agreement.
12. For the time being, those plans are at a formative stage. It will be important to prepare a Director's Service Agreement at the appropriate time so that the reviewed terms and conditions can be agreed.
13. For the time being two Council officers have been appointed as Directors Mr John Jory and Mr Tom Kealey without further remuneration at this point but noting that that Mr Kealey's position may change over time. At the present time the cost of the Directors will be recharged to the Company via a separate resourcing agreement considered elsewhere on the agenda.

14. The Sub-Committee has been asked to note at item 6 of its agenda that Mr John Jory and Mr Tom Kealey were appointed as Directors of the Company.

#### **Finalising the documents**

15. It is proposed that the Head of Legal Services be authorised to agree and finalise the documents identified at paragraphs 3 and 4 above taking account of the Sub Committee's comments to allow for them to be in place as soon as possible.

### **KEY INFORMATION**

#### **Letter of Comfort**

16. The Letter of Comfort is set out under Part 2 of the Sub Committee's agenda.

#### **Shareholder Agreement**

17. The draft Shareholder Agreement is set out under Part 2 of the Sub Committee's agenda.

#### **Business Plan**

18. The Business Plan is set out under Part 2 of the Sub Committee's agenda.

#### **Loan and Draw Down Agreement**

19. The Loan and Draw Down Agreement is set out under Part 2 of the Sub Committee's agenda.

#### **Resource Agreement**

20. The Resource Agreement is set out under Part 2 of the Sub Committee's agenda.

#### **The Revised Articles of Association**

21. The suggested Articles of Association are shown at Annex 1 of this report.

### **OPTIONS**

22. The Sub Committee was provided with the Shareholder responsibility for Council's holding (80%) in the Health and Well Being Company by the Executive on 14 July.
23. The Sub Committee has the option of agreeing each of the documents identified above or asking Officers to review them further and present them to a future meeting taking on board any comments at the meeting.
24. A further option identified is that the Sub Committee offer their comments on the draft documents and authorise the Head of Legal Services to agree/finalise the documents taking on board the comments of the Sub Committee.

### **LEGAL IMPLICATIONS**

25. These are set out in the Annex to the report on the Sub Committee's remit at item 5.

### **FINANCIAL IMPLICATIONS**

26. These are set out in the Annex to the report on the Sub Committee's remit at item 5.

### **RISK MANAGEMENT CONSIDERATIONS**

27. These are set out in the Annex to the report on the Sub Committee's remit at item 5.

### **CONSULTATION**

28. These are set out in the Annex to the report on the Sub Committee's remit at item 5.

**Background Papers:**           None

**COMPANY NUMBER 10339398**

**THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION  
OF  
PATHWAY FOR CARE LIMITED**

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**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**PATHWAY FOR CARE LIMITED**

**PART 1 – INTERPRETATION**

**1 DEFINED TERMS**

1.1 In these Articles, unless the context requires otherwise:

**Articles** means the Company's articles of association as amended from time to time

**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

**Chair** has the meaning given in Article 11

**Chair of the Meeting** has the meaning given in Article 41

**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

**Company** means the company governed by these Articles

**Conflict** has the meaning given in Article 13

**Council** means Reigate & Banstead Borough Council of Reigate Town Hall, Castlefield Road, Reigate, Surrey RH2 0SH and any statutory successor

**Council Director** a Director appointed pursuant to notice received from the Council under article 17.2

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

**Distribution Recipient** has the meaning given in Article 32.2

**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 have been entitled to vote on the matter had it been proposed as a resolution at a meeting of the Directors

**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 Company** means, in relation to a company:

- (a) any subsidiary of the Company;
- (b) any parent undertaking or undertakings of the Company; and
- (c) any subsidiary of any such parent undertakings

**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

**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 9

**Proxy Notice** has the meaning given in Article 47

**Shareholder** means a person who is the Holder of a Share.

**Shares** means shares in the Company

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

**T7** means T7 Group Limited, a company incorporated and registered in England with company number 09908877 whose registered office is at 28 Windsor Lane, Knaresborough, North Yorkshire, England HG5 8DX

**T7 Director** means a Director appointed pursuant to notice received from T7 under article 17.2

**Transmittee** means a person entitled to a Share by reason of the death or bankruptcy of a Shareholder or otherwise by operation of law

**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 A reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees.
- 1.4 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.5 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.

- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 A reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.
- 1.9 A reference to **writing** or **written** includes email but not fax.
- 1.10 A reference to any agreement or document (or any provision of it) referred to in these Articles is a reference to that agreement or document (or the relevant provision of it) as varied, amended or supplemented (in each case, other than in breach of the provisions of that agreement or document) from time to time.
- 1.11 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.12 A reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly).
- 1.13 A reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it.
- 1.14 references to a **month** shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month; and
- 1.15 The expressions **body corporate**, **holding company**, **subsidiary**, **parent undertaking**, **subsidiary undertaking** and **parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the **first person**) shall be treated as a member of another company or undertaking if:
- 1.15.1 any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or
- 1.15.2 any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or
- 1.15.3 any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.

In the case of a limited liability partnership which is (or might constitute) a subsidiary or subsidiary undertaking of a company or another limited liability partnership, sections 1159 and 1162 of the Companies Act 2006 shall be amended so that:

- (a) references in sections 1159(1)(a) and (c) and 1162(2)(a) and (d) to "voting rights" are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and
- (b) references in sections 1159(1)(b) and 1162(2)(b) to the "right to appoint or remove a majority of its board of directors" is to the right: (i) to appoint or remove a majority of the directors (or equivalent) of that limited liability partnership; or (ii) if no such directors (or equivalent) exist by virtue of the constitution of that limited liability partnership, members holding a majority of the voting rights,

and unless the context otherwise requires, the application of the definitions of body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking and

parent company shall apply as to the relevant company or undertaking as it is at that time.

## **PART 2 - DIRECTORS**

### **DIRECTORS' POWERS AND RESPONSIBILITIES**

#### **2 DIRECTORS' GENERAL AUTHORITY**

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.

#### **3 SHAREHOLDERS' RESERVE POWER**

3.1 The Shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.

3.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

#### **4 DIRECTORS MAY DELEGATE**

4.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles as follows:

4.1.1 to such person or committee;

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

4.1.3 to such an extent;

4.1.4 in relation to such matters or territories; and

4.1.5 on such terms and conditions,

as they think fit.

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

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

#### **5 COMMITTEES**

5.1 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.

5.2 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.

### **DECISION-MAKING BY DIRECTORS**

#### **6 DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

6.1 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 Article 7.

- 6.2 If only one Director is eligible to vote on any authorisation required under Article 13, the general rule does not apply and the Eligible Director may take decisions in relation to the relevant matter without regard to any of the provisions in these Articles relating to Directors' decision-making.
- 6.3 Each Director shall be entitled to cast one vote on any resolution put to the Directors.
- 6.4 If the numbers of votes for and against a proposal are equal, the Chair shall not have a casting vote.

## **7 UNANIMOUS DECISIONS**

- 7.1 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.
- 7.2 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.
- 7.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

## **8 CALLING A DIRECTORS' MEETING**

- 8.1 Any Director may call a Directors' meeting by giving notice of the meeting to the Directors in accordance with Article 8.2 or by authorising the company secretary (if any) to give such notice.
- 8.2 A meeting of the Directors must be called by at least 7 days' notice unless either:
- 8.2.1 the Directors unanimously agree otherwise; or
  - 8.2.2 urgent circumstances require shorter notice.
- 8.3 Notice of any Directors' meeting must include:
- 8.3.1 its proposed date and time;
  - 8.3.2 where it is to take place;
  - 8.3.3 if it is anticipated that persons 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;
  - 8.3.4 an agenda specifying in reasonable detail the matters to be raised at the meeting or the committee meeting; and
  - 8.3.5 copies of any papers to be discussed at the meeting or the committee meeting.
- 8.4 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.

## **9 PARTICIPATION IN DIRECTORS' MEETINGS**

- 9.1 Subject to the Articles, Directors **participate** in a Directors' meeting, or part of a Directors' meeting, when:
- 9.1.1 the meeting has been called and takes place in accordance with the Articles; and
  - 9.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

9.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

9.3 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.

## **10 QUORUM FOR DIRECTORS' MEETINGS**

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

10.2 Subject to Article 6.2, the quorum at any Directors' meeting shall be three directors, of whom 2 shall be Eligible Council Directors and one shall be an Eligible T7 Director.

10.3 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:

10.3.1 to appoint further Directors; or

10.3.2 to call a general meeting so as to enable the Shareholders to appoint further Directors.

10.4 If a quorum is not present with half an hour from the time appointed for the meeting, or during a meeting a quorum ceases to be present, the meeting shall be adjourned to such time and place as the Directors may determine in accordance with these Articles.

## **11 CHAIRING OF DIRECTORS' MEETINGS**

11.1 A Director may be appointed as a chairman of the Directors for such period as the ~~Council-Board~~ may determine. In the absence of such a chairman being appointed or otherwise present at a meeting of the Directors within 15 minutes of the time set for the meeting, the participating Directors may appoint a Director present to chair that meeting. The person appointed for the time being shall be known as the **Chair**.

11.2 The Directors may terminate the Chair's appointment at any time during the meeting at which he is appointed.

## **12 CONFLICTS OF INTEREST – TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY**

12.1 The relevant provisions of the Companies Act 2006 (including, without limitation, sections 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the Company.

12.2 Provided that he has disclosed to the Directors the nature and extent of any interest of his in accordance with and to the extent required by the Companies Act 2006, a Director notwithstanding his office:

12.2.1 may be a party to, or otherwise interested in, any contract with the Company or a Group Company of the Company or in which either or both of them is/are otherwise interested;

12.2.2 may be an elected member, director or other officer of, employed by, a party to any contract with, or otherwise interested in, the Council, any Group Company of the Company or in any body corporate promoted by the Company, the Council, or a Group Company of the Company, or in which any of them is/are interested; and

12.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor).

12.3 For the purposes of this Article 12.3:

- 12.3.1 a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being an elected member, director, officer or employee of the Council or any Group Company of the Company; and
  - 12.3.2 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract of the nature and extent so specified.
- 12.4 Where a Director is an elected member, director officer, or employee of the Council or a Group Company of the Company; he:
- 12.4.1 may in exercising his independent judgment take into account the success of the Council or Group Company as well as the success of the Company; and
  - 12.4.2 shall in the exercise of his duties have a duty of confidentiality to the Council or Group Company in relation to confidential information of that Shareholder or Group Company, but he shall not be restricted by any duty of confidentiality to the Company from providing information to the Council or Group Company except as may be imposed under Article 13.5.

### 13 CONFLICTS OF INTEREST REQUIRING BOARD AUTHORISATION

- 13.1 The Directors may authorise any matter which would otherwise involve a Director (a **Relevant Director**) breaching his duty under section 175 of the Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a **Conflict**).
- 13.2 Any Director (including the Relevant Director) may propose that the Relevant Director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the Directors shall be effected in the same way that any other matter may be proposed to and decided upon by the Directors under these Articles save that the Relevant Director (and any Director) shall not count towards the quorum nor vote on any resolution giving such authority.
- 13.3 Where the Directors give authority in relation to a Conflict:
- 13.3.1 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
  - 13.3.2 the Directors may revoke or vary such authority at any time but this will not affect anything done by the Relevant Director prior to such revocation in accordance with the terms of such authority.
- 13.4 A Conflict in relation to a Director arising solely as a result of him being an elected member, director, officer or employee of the Council or any Group Company of the Company shall be deemed to have been authorised for the purposes of this Article 13 and section 175 of the Companies Act 2006.
- 13.5 Where Article 13.4 above applies or the Directors otherwise gives authority in relation to a Conflict, or where any of the situations referred to in Article 12 (a **Permitted Situation**) applies:
- 13.5.1 the Directors may (whether at the relevant time or subsequently) (i) require that the Relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at Directors meetings or otherwise) related to the Conflict or Permitted Situation; and (ii) impose upon the Relevant Director such other terms for the purpose of dealing with the Conflict as they may determine;
  - 13.5.2 the Relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict or Permitted Situation; and



13.5.3 the Directors may provide that where the Relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.

13.6 A Director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company or the Shareholders for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this Article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

## **14 EFFECT OF DIRECTORS' INTERESTS ON QUORUM AND VOTING**

14.1 Subject where applicable to disclosure in accordance with these Articles and subject to any terms imposed by the Directors in relation to any Conflict or Permitted Situation, a Director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly (where that interest arises by virtue of a Conflict which has been authorised or a Permitted Situation) and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.

14.2 However, a Director shall not be entitled to vote in respect of any other matter in which he is interested directly or indirectly and his presence at the meeting shall not be taken into account in ascertaining whether a quorum is present.

14.3 Subject to Article 14.4 below, 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.

14.4 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.

## **15 RECORDS OF DECISIONS TO BE KEPT**

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

## **16 DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

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**

### **17 METHODS OF APPOINTING DIRECTORS**

17.1 The board of Directors shall comprise of a minimum of three Directors.

17.2 The Company shall appoint (i) 2 persons as Directors of the Company as the Council shall notify; and (ii) 1 person as a Director of the Company as T7 shall notify, to the Company in writing from time to time, and the appointment shall take effect immediately upon receipt of such notice or any later date specified therein.

### **18 TERMINATION OF A DIRECTOR'S APPOINTMENT**

18.1 A person ceases to be a Director as soon as:

- 18.1.1 the Council notifies the Company that the individual is to be removed as a Director (in the case of a Council Director);
- 18.1.1 T7 notifies the Company that the individual is to be removed as a Director (in the case of a T7 Director);
- 18.1.2 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;
- 18.1.3 a bankruptcy order is made against that person;
- 18.1.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 18.1.5 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
- 18.1.6 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.

## **19 DIRECTORS' REMUNERATION AND EXPENSES**

- 19.1 Any remuneration of the Directors shall require the prior approval of the Council.
- 19.2 Any policy regarding expenses of Directors (and alternate Directors) shall be determined by the Council.

## **PART 3 - SHARES AND DISTRIBUTIONS**

### **SHARES**

#### **20 APPOINTMENT OF SHAREHOLDERS**

- 20.1 The subscribers to the Memorandum are the first Shareholders.
- 20.2 No person shall be admitted as a Shareholder unless they are approved unanimously by the Shareholders.
- 20.3 The Directors must keep a register of names and addresses of the Shareholders.

#### **21 LIABILITY OF SHAREHOLDERS**

The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

#### **22 ALL SHARES TO BE FULLY PAID UP**

- 22.1 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.
- 22.2 This does not apply to Shares taken on the formation of the Company by the subscribers to the Company's Memorandum.

#### **23 POWERS TO ISSUE DIFFERENT CLASSES OF SHARE**

- 23.1 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.

- 23.2 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 the Directors may determine the terms, conditions and manner of redemption of any such Shares.

## **24 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS**

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.

## **25 SHARE CERTIFICATES**

- 25.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.
- 25.2 Every certificate must specify:
- 25.2.1 in respect of how many Shares, of what class, it is issued;
  - 25.2.2 the nominal value of those Shares;
  - 25.2.3 that the Shares are fully paid; and
  - 25.2.4 any distinguishing numbers assigned to them.
- 25.3 No certificate may be issued in respect of Shares of more than one class.
- 25.4 If more than one person holds a Share, only one certificate may be issued in respect of it.
- 25.5 Certificates must be executed in accordance with the Companies Act 2006.

## **26 REPLACEMENT SHARE CERTIFICATES**

- 26.1 If a certificate issued in respect of a Shareholder's Shares is:
- 26.1.1 damaged or defaced; or
  - 26.1.2 said to be lost, stolen or destroyed,
- that Shareholder is entitled to be issued with a replacement certificate in respect of the same Shares.
- 26.2 A Shareholder exercising the right to be issued with such a replacement certificate:
- 26.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;
  - 26.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
  - 26.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

## **27 SHARE TRANSFERS**

- 27.1 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.

- 27.2 No fee may be charged for registering any Instrument of transfer or other Document relating to or affecting the title to any Share.
- 27.3 The Company may retain any Instrument of transfer which is registered.
- 27.4 The transferor remains the Holder of a Share until the transferee's name is entered in the register of members as Holder of it.
- 27.5 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.

## **28 TRANSMISSION OF SHARES**

- 28.1 If title to a Share passes to a Transmitlee, the Company may only recognise the Transmitlee as having any title to that Share.
- 28.2 A Transmitlee who produces such evidence of entitlement to Shares as the Directors may properly require:
- 28.2.1 may, subject to the Articles, choose either to become the Holder of those Shares or to have them transferred to another person; and
- 28.2.2 subject to the Articles, and pending any transfer of the Shares to another person, has the same rights as the Holder had.
- 28.3 However, 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.

## **29 EXERCISE OF TRANSMITTEES' RIGHTS**

- 29.1 Transmittees who wish to become the holders of Shares to which they have become entitled must notify the Company in writing of that wish.
- 29.2 If the Transmitlee wishes to have a Share transferred to another person, the Transmitlee must execute an Instrument of transfer in respect of it.
- 29.3 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 Transmitlee has derived rights in respect of the Share, and as if the event which gave rise to the transmission had not occurred.

## **30 TRANSMITTEES BOUND BY PRIOR NOTICES**

If a notice is given to a Shareholder in respect of Shares and a Transmitlee is entitled to those Shares, the Transmitlee is bound by the notice if it was given to the Shareholder before the Transmitlee's name has been entered in the register of members.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **31 PROCEDURE FOR DECLARING DIVIDENDS**

- 31.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 31.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 31.3 No dividend may be declared or paid unless it is in accordance with Shareholders' respective rights.

- 31.4 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.
- 31.5 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.
- 31.6 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.
- 31.7 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.

## **32 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS**

- 32.1 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:
- 32.1.1 transfer to a bank or building society account specified by the Distribution Recipient either in writing or as the Directors may otherwise decide;
  - 32.1.2 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;
  - 32.1.3 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
  - 32.1.4 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.
- 32.2 In the Articles, the **Distribution Recipient** means, in respect of a Share in respect of which a dividend or other sum is payable:
- 32.2.1 the Holder of the Share; or
  - 32.2.2 if the Share has two or more joint holders, whichever of them is named first in the register of members; or
  - 32.2.3 if the Holder is no longer entitled to the Share by reason of death or bankruptcy; or
  - 32.2.4 otherwise by operation of law, the Transmittree.

## **33 NO INTEREST ON DISTRIBUTIONS**

- 33.1 The Company may not pay interest on any dividend or other sum payable in respect of a Share unless otherwise provided by:
- 33.1.1 the terms on which the Share was issued; or
  - 33.1.2 the provisions of another agreement between the Holder of that Share and the Company.

## **34 UNCLAIMED DISTRIBUTIONS**

- 34.1 All dividends or other sums which are:

34.1.1 payable in respect of Shares; and

34.1.2 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.

34.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

34.3 If:

34.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

34.3.2 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.

### **35 NON-CASH DISTRIBUTIONS**

35.1 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).

35.2 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:

35.2.1 fixing the value of any assets;

35.2.2 paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and

35.2.3 vesting any assets in trustees.

### **36 WAIVER OF DISTRIBUTIONS**

36.1 Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a Share by giving the Company notice in writing to that effect, but if:

36.1.1 the Share has more than one Holder; or

36.1.2 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**

#### **37 AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS**

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

37.1.1 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

37.1.2 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.

37.2 Capitalised sums must be applied:

37.2.1 on behalf of the persons entitled; and

37.2.2 in the same proportions as a dividend would have been distributed to them.

37.3 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.

37.4 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.

37.5 Subject to these Articles, the Directors may:

37.5.1 apply capitalised sums in accordance with Articles 37.3 and 37.4 partly in one way and partly in another;

37.5.2 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

37.5.3 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**

#### **38 GENERAL MEETINGS**

38.1 A Shareholder shall appoint and may remove or replace, a representative by notice in writing to the Company, in accordance with section 323 of the Companies Act 2006, to act as its representative in accordance with these Articles.

38.2 Notice of a general meeting shall be given in Hard Copy Form, in Electronic Form or by means of a website, provided that the Company complies with any requirements relating to the giving of notice under the Companies Act 2006.

38.3 Notice of a general meeting shall be sent to the Shareholder, every Director and any other person required by law to be sent such notice.

38.4 Notice of a general meeting shall:

38.4.1 state the time, date and place of the meeting;

38.4.2 specify the general nature of the business to be dealt with at the meeting and set out the text of any special resolution to be voted upon at the meeting; and

38.4.3 be accompanied by a proxy form;

notice of a general meeting need not be in writing.

- 38.5 The accidental omission to give notice of a general meeting to, or the non-receipt of notice by, any person entitled to receive the notice; or a technical defect in the timing or manner of giving such notice of which the Directors are unaware shall not invalidate the proceedings of that meeting.

### **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**

No business other than the appointment of the Chair of the Meeting is to be transacted at a general meeting unless an authorised representative of each Shareholder is present.

### **41 CHAIRING GENERAL MEETINGS**

- 41.1 The Chair shall chair general meetings if present and willing to do so.

- 41.2 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:

41.2.1 the Directors present; or

41.2.2 (if no Directors are present) 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.

- 41.3 The person chairing a meeting in accordance with this Article is referred to as the **Chair of the Meeting**.

### **42 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS**

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

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



- 42.2.1 Shareholders; or
- 42.2.2 otherwise entitled to exercise the rights of Shareholders 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 Chair 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 Chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 43.4 When adjourning a general meeting, the Chair 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 these 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;
  - 46.2.3 two or more persons having the right to vote on the resolution; or
  - 46.2.4 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.
- 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 immediately 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 Shareholder appointing the proxy;
  - 47.1.2 identifies the person appointed to be that Shareholder'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 Shareholder 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.

## **PART 5 - ADMINISTRATIVE ARRANGEMENTS**

### **50 MEANS OF COMMUNICATION TO BE USED**

- 50.1 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.
- 50.2 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.
- 50.3 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.

### **51 COMPANY SEALS**

- 51.1 Any common seal may only be used by the authority of the Directors.
- 51.2 The Directors may decide by what means and in what form any common seal is to be used.

51.3 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.

51.4 For the purposes of this Article, an authorised person is:

51.4.1 any Director;

51.4.2 the company secretary (if any); or

51.4.3 any person authorised by the Directors for the purpose of signing Documents to which the common seal is applied.

## 52 RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

The Shareholders and their authorised representatives shall have the right on giving to the Company reasonable advance notice, during normal business hours to inspect the books and records of the Company.

## 53 APPOINTMENT OF COMPANY SECRETARY

The Directors may by simple majority in accordance with Article 6.1 appoint (and remove) the company secretary ~~Provision for employees on cessation of business~~

## 54 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

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.

## DIRECTORS' INDEMNITY AND INSURANCE

### 55 INDEMNITY

55.1 Subject to Article 55.2, a relevant Director of the Company or an associated Company may be indemnified out of the Company's assets against:

55.1.1 any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated Company;

55.1.2 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); and

55.1.3 any other liability incurred by that Director as an officer of the Company or an associated Company.

55.2 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.

55.3 In this Article:

55.3.1 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate; and

55.3.2 a **relevant Director** means any Director or former Director 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 Director in respect of any relevant loss.

56.2 In this Article:

56.2.1 a **relevant Director** means any Director or former Director of the Company or an associated Company;

56.2.2 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

56.2.3 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate.