

The Companies Act 2006

**PRIVATE COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL**

**ARTICLES OF ASSOCIATION
OF
FINANCE & LEASING ASSOCIATION**

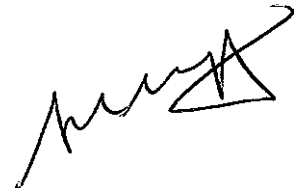
Company No. 2651248

Incorporated: 4th October 1991

Adopted by special resolution passed on 17 May 2016

**PENNINGTONS
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INTERPRETATION

1. Defined terms

1.1 In these articles, unless the context requires otherwise:

"Act"	means the Companies Act 2006;
"Annual Subscription Fee"	has the meaning given in Article 12.1;
"Appointed Director"	has the meaning given in Article 20.1.3;
"appointor"	has the meaning given in Article 39.1;
"Articles"	means these Articles of Association;
"Associate Member"	means any Member other than a Full Member and "Associate Membership" shall be interpreted accordingly;
"Association"	means the Finance & Leasing Association;
"Board"	means the board of directors;
"Chairman of the Board"	has the meaning given in Article 21;
"Chair" or "Chairman of the Division"	has the meaning given in Article 45;
"chairman of the meeting"	has the meaning given in Article 17.3;
"clear days"	in relation to the period of a notice is that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
"Companies Acts"	means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the Association;
"Conflict"	has the meaning given in Article 33.1;

“director”	means a director of the Association, and includes any person occupying the position of director, by whatever name called;
"Deputy Chairman of the Board"	has the meaning given in Article 21.5;
"Division(s)"	means any one or more of the Asset Finance Division, the Consumer Finance Division and the Motor Finance Division (or any other division as may be agreed by the Full Members) as the context requires;
“document”	includes, unless otherwise specified, any document sent or supplied in electronic form;
"Elected Director"	has the meaning given in Article 20.1.1;
“electronic form”	has the meaning given in section 1168 of the Act;
“eligible director”	means a director who would be entitled to vote on the matter at a meeting of the directors (but excluding any director whose vote is not to be counted in respect of the particular matter);
"Full Member"	means a Member which has satisfied the condition for Membership contained in Article 6.3, and "Full Membership" shall be interpreted accordingly;
"Group"	in relation to a company, that company, its subsidiaries, any company of which it is a subsidiary (its holding company) and any other subsidiaries of any such holding company; and each company in a

group is a member of the group.

Unless the context requires otherwise, the application of the definition of Group to any company at any time will apply to the company as it is at that time;

"Interested Director"	has the meaning given in Article 33.1;
"Management Committee(s)"	means any one or more of the Management Committees of the Divisions;
"Member"	has the meaning given in section 112 of the Act and shall be used to refer to either a Full Member or an Associate Member of the Association and "Membership" shall be construed accordingly;
"Objects"	means the objects of the Association, as set out in Article 3;
"ordinary resolution"	has the meaning given in section 282 of the Act;
"Organisation"	any legal person, firm, limited liability partnership, company, association, branch, European Economic Interest Group, place of business, independent trading entity or body;
"participate"	in relation to a directors' meeting, has the meaning given in Article 30.1;
"Representative"	a person appointed to represent a Member pursuant to Article 10;
"Secretary"	means the Company Secretary of the Association appointed in accordance with Article 42;

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

“subsidiary” has the meaning given in section 1159 of the Act;

"Vice-Chair” or “ Vice - Chairman of the Division" has the meaning given in Article 45; and

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

1.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Act as in force on the date when these Articles become binding on the Association.

1.3 In these Articles, a reference to a person includes a reference to a company, a partnership and to any other corporate body or unincorporated body of persons.

2. Model Articles

The provisions of Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) are hereby excluded.

OBJECTS

3. Objects

3.1 The Association’s Objects are:

3.1.1 to promote commerce through the promotion of the business interests of the Members of the Association as providers of asset finance or asset leasing, consumer credit and finance, including motor finance, or the servicing of that credit (or anything related or connected thereto) and such other areas of finance as may be agreed by the Full Members, and in particular to:

(a) be a central representative body to put the collective views of the Members to government departments, Parliament, European institutions and other relevant organisations on matters which affect

them;

- (b) safeguard the interests of Members so that they can function effectively and can compete on equal terms with other providers of finance;
- (c) to promote good practice and fair and responsible lending and encourage the highest standards of professionalism;
- (d) review, advise and take appropriate action in legal, fiscal, economic and financial developments as they affect Members;
- (e) provide a forum for Members to raise and have discussed general issues affecting their business;
- (f) provide business information to Members; and
- (g) advance the public profile of the Association, its Members and their business and to ensure that the Association is the authoritative spokesman for the business finance, consumer finance and motor finance (and such other areas of finance as may be agreed by the Full Members) interests of its Members; and

3.1.2 to do all such other things and to carry on any other trade, business or activity as may in the opinion of the Board be:

- (a) advantageously carried on in connection with or ancillary; or
- (b) deemed incidental or conducive,

to the attainment of the Association's Objects or any of them.

4. Use of income and property of the Association

4.1 The income and property of the Association shall be applied solely towards the promotion of the Objects of the Association as set out in Article 3.

4.2 None of the income or property of the Association may be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise by way of profit, to any Member of the Association save as may be provided by these Articles.

MEMBERSHIP

5. **Limited liability**

5.1 The liability of each Member is limited to £1.00, being the amount that each Member undertakes to contribute to the assets of the Association in the event of its being wound up while the Organisation is a Member or within one year after the Organisation ceases to be a Member, for:

5.1.1 payment of the Association's debts and liabilities contracted before the Organisation ceases to be a Member;

5.1.2 payment of the costs, charges and expenses of winding up; and

5.1.3 adjustment of the rights of the contributories amongst themselves.

6. **Members**

6.1 Organisations admitted to Membership in accordance with the Articles shall be the Members of the Association.

6.2 There shall be two classes of Members of the Association:

6.2.1 Full Members; and

6.2.2 Associate Members,

each with the rights and obligations set out in these Articles.

6.3 Full Membership of the Association shall be confined to Organisations which are engaged in the business of providing asset finance or carrying on the business of asset leasing, consumer credit and finance, including motor finance, in the United Kingdom and/or the servicing of that credit or finance or anything related or connected thereto and such other areas of finance as may be agreed by the Full Members.

6.4 Associate Membership of the Association shall be confined to Organisations which are not eligible for Full Membership, but which provide goods or services to Members or otherwise support the Association's Objects.

6.5 The Board may from time to time determine sub-categories of Full Member and/or Associate Member.

6.6 The Board may lay down rules of Membership (not being inconsistent with the

Articles or with any legislation) which shall be binding on the Members.

7. Limitations on Associate Members

7.1 The rights and status of Associate Members shall be limited as follows:

7.1.1 the Representative(s) of an Associate Member shall be entitled to attend and speak at general meetings of the Association but shall not be entitled to vote at general meetings of the Association (whether on a show of hands or on a poll);

7.1.2 an Associate Member shall not be taken into account in deciding whether or not a quorum is present at any general meeting of the Association;

7.1.3 the Representative(s) of an Associate Member may attend the meetings of the Management Committee of the Division of which it is a member, and subject to the terms of reference of that Management Committee, but shall not be:

(a) eligible for election to the positions of Chair or Vice-Chair of any Management Committee of a Division;

(b) taken into account for the purpose of determining the number of Members in each Division; or

(c) entitled to nominate or vote for any person for election to the positions of Chair or Vice-Chair of any Division.

8. Applications for membership

8.1 No Organisation shall become a Member of the Association unless:

8.1.1 that Organisation has completed an application for Membership in a form approved by the Board which shall:

(a) include a revocable election to join any one or more of the Divisions (pursuant to Article 9.1); and

(b) be supported by such evidence as may be required by the Management Committee(s) of such Division(s),

8.1.2 the Management Committee(s) of the Division(s) for which the election referred to in Article 8.1.1(a) was made has approved the application; and

8.1.3 (if the Board so requires) the Board has approved the application.

9. The Divisions

- 9.1 When applying for Membership of the Association, each Member shall elect to join one or more of the Divisions.
- 9.2 A Member may thereafter apply to join another Division or become a Member of all Divisions, and the provisions of Article 8.1 regarding the approval of an application for Membership shall apply *mutatis mutandis* to such an application.
- 9.3 Each Member of the Association must be a Member of at least one Division.

10. Representatives

- 10.1 Each Member of the Association may appoint one or more Representative(s) to represent its interests and in particular to attend and (in the case of a Full Member) vote at general meetings and, where appropriate, meetings of the Management Committee(s) and/or sub-committees in accordance with the procedural rules of each such Management Committee or sub-committee.
- 10.2 A Member's Representative(s) shall be entitled to exercise the same powers on behalf of a Member as a Member could exercise if it were an individual Member of the Association in attendance at the meeting, provided that if a Member has appointed more than one Representative:
- 10.2.1 those Representatives will only be able to exercise one vote between them at each:
- (a) general meeting of the Members;
 - (b) meeting of a Management Committee upon which that Member is represented; and
 - (c) meeting of a sub-committee upon which that Member is represented; and
- 10.2.2 no more than one Representative of a Member shall be eligible to stand for election as either the Chair or the Vice-Chair of a Division.
- 10.3 Each Representative appointed by a Member should have appropriate experience to represent such Member.
- 10.4 A Member may appoint its Representative by notice in writing delivered to the Association's registered office.
- 10.5 A Member may terminate the appointment of a Representative by notice in writing

delivered to the Association's registered office.

- 10.6 This Article is without prejudice to a Member's right to appoint such representative as it may see fit, or appoint a proxy in accordance with the provisions of the Act, to attend, speak and vote at general meetings of the Members of the Association.

11. **Register of Members**

- 11.1 There shall be entered in the register of Members:

11.1.1 the name and address of each Member;

11.1.2 whether each Member is a Full Member or an Associate Member; and

11.1.3 in the case of either a Full Member or an Associate Member, the sub-category (if any) to which such Full Member or Associate Member belongs.

12. **Subscription Fees**

- 12.1 Annually each Member shall pay to the Association such membership and/or subscription fees as may be decided by the Board according to a formula agreed by the Board ("**Annual Subscription Fee**").

- 12.2 The Board shall be entitled to charge interest upon any Annual Subscription Fee (or any part of it) which is one month or more in arrears.

- 12.3 Interest shall become chargeable from the time when the outstanding amount became payable to the day of payment at a rate to be determined by the Board, but not exceeding 10% per annum.

- 12.4 No Member which is one month or more in arrears in payment of any Annual Subscription Fee (or any part of it) payable by it shall be entitled to:

12.4.1 receive notice of or attend or vote at any general meeting of the Association; or

12.4.2 enjoy, receive or participate in any other right, privilege or advantage as a Member,

unless and until it pays the whole amount in arrears, including interest, to the Association.

- 12.5 The Board may at its discretion waive the provisions of this Article 12 in whole or in part in any particular case.

13. Termination of Membership

- 13.1 Membership shall not be transferable.
- 13.2 A Member may at any time withdraw from the Association by giving at least 3 months' written notice to the Association. A Member who has served notice to withdraw from the Association will continue to be liable to pay any applicable membership fees and expenses (including but not limited to the Annual Subscription Fee for the duration of the notice period). Any such cessation of Membership shall not release the Member from liability for any monies due from it to the Association in its capacity as a Member at the date of withdrawal.
- 13.3 The Membership of any Member shall terminate immediately upon the happening of any of the following events:
- 13.3.1 if an order is made or an effective resolution passed for winding up the Member except for the purposes of a reconstruction or amalgamation;
 - 13.3.2 if a receiving order is made against the Member, or if the Member shall compound with its creditors generally; or
 - 13.3.3 if the Board shall pass a resolution to determine Membership in accordance with Article 13.7 below.
- 13.4 If:
- 13.4.1 a Member has remained continuously in arrears in respect of any Annual Subscription Fee (or any part of it) due to the Association for three months or more; or
 - 13.4.2 an administration order is made in relation to a Member,
- the Board may resolve that such Member's membership shall cease.
- 13.5 Any termination of Membership made pursuant to Articles 13.3 or 13.4 above shall be without prejudice to the continued liability of such Member for all monies due to the Association from it in its character of Member at the date of such cessation of Membership.
- 13.6 The Board may at any time reinstate a Membership terminated pursuant to Article 13.4 on such terms as to payment of the arrears, interest and otherwise as the Board

may in its discretion think fit.

- 13.7 Without prejudice to any other provisions of the Articles, the Board may, by a resolution passed by a majority of not less than two thirds of all eligible directors, at its absolute discretion terminate the Membership of a Member.

14. Obligations of Members

- 14.1 Each Member shall, within 21 days of receipt, make payment of invoices issued by the Association for services performed by the Association for and at the request of the Member.
- 14.2 Each Member shall submit to the Association by the due date specified any information reasonably required by the Association in order to calculate the rate of subscription payable by Members from time to time. Such information will only be used by the Association for the purpose for which it has been submitted, and will not be shared with any other party, unless prior agreement has been obtained in writing by the Association from the member concerned.
- 14.3 In the event that a Member does not submit the information required by Article 14.2, the Board may demand from that Member such subscription as the Board may in its absolute discretion determine.
- 14.4 Each Member shall submit to the Association by the due date specified returns of any statistical information reasonably required by the Board from time to time.
- 14.5 In the event that a Member does not submit the information required by Article 14.4, the Board may in its absolute discretion apply the provisions of Article 13.7.
- 14.6 The Members of the Association shall observe the provisions of the relevant FLA Lending Code(s) or Business Code(s) of practice in force from time to time as may be adopted or amended from time to time in any general meeting of the Association.
- 14.7 Any instance of non-compliance with the provisions of the relevant Lending or Business Code(s) of practice of the Association in force from time to time will be drawn to the attention of the Member concerned by the Association and (if appropriate) referred to the relevant Lending or Business Code(s) disciplinary process. The Association shall take such action as it deems appropriate, including a warning, or expulsion from Membership of the Member concerned under the provisions of Article 13.7. Any such action shall only be taken after consideration of the advice of the relevant lending or business code group of the Association (if any)

by the Board of Directors.

- 14.8 Members will notify the Association of any matters which might adversely affect the reputation of the asset finance, or consumer finance, including motor finance, and asset leasing industries or of the Association (or anything of material importance related or connected thereto).

15. General meetings

- 15.1 The Association may (but is not obliged to) in each calendar year hold a general meeting as its annual general meeting, in addition to any other meetings in that year.

- 15.2 Where the Association holds an annual general meeting, the Full Members shall be requested to approve the composition of the Board currently in office at the time that annual general meeting is held. Where the composition of the Board is not approved by the Full Members in any general meeting (whether or not an "annual general meeting") the provisions of Article 38.3 shall apply.

- 15.3 The Board may call general meetings and, on the requisition of Full Members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting for a date not later than 8 weeks after receipt of the requisition. If there are not within the United Kingdom sufficient members of the Board to call a general meeting, any director or Full Member may call a general meeting.

16. Notice of general meeting

- 16.1 A general meeting shall be called by at least 14 clear days' notice.

- 16.2 A general meeting may be called by shorter notice if it is so agreed by a majority in number of the Members entitled to attend and vote at the meeting, being a majority who together represent not less than 90% of the total voting rights at that meeting of all the Full Members.

- 16.3 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

- 16.4 The notice shall be given to all Full Members, to the Board and to the auditors.

- 16.5 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

17. Proceedings at general meetings

17.1 No business shall be transacted at any general meeting unless a quorum of Full Members is represented. Save as otherwise expressly provided in these Articles, a quorum shall be the lesser of:

17.1.1 15 Full Members; and

17.1.2 25% of the total number of Full Members from time to time.

17.2 If a quorum is not present within half an hour from the time appointed for a general meeting, or if during a general meeting such a quorum ceases to be present, the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time or place as the chairman of the meeting may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Full Members present shall constitute a quorum.

17.3 The Chairman of the Board (or in his absence the Deputy-Chairman of the Board) shall preside as chairman of the meeting, but if neither of them are present and willing to act within 15 minutes after the time appointed for holding the meeting, the Full Members represented shall elect a director to act as chairman of the meeting. If no director is present and willing to act, the Full Members represented shall elect the Representative of one of their number to be chairman of the meeting.

17.4 The chairman of the meeting may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.

17.5 When a meeting is adjourned for 14 days or more, at least 7 clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

18. Voting at general meetings

18.1 Each Organisation which is separately listed as a Full Member in the Register of Members shall have one vote (whether on a show of hands or on a poll), regardless of the number of Divisions to which that entity belongs, and regardless of whether

that entity is part of a Group which pays a subscription based upon that Group's combined company returns.

- 18.2 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded.
- 18.3 Subject to the provisions of the Act, a poll may be demanded:
- 18.3.1 by the chairman of the meeting; or
- 18.3.2 by at least two Full Members having the right to vote at the meeting.
- 18.4 Unless a poll is duly demanded, the declaration by the Chairman of the meeting that the resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, shall suffice and be recorded in the minutes of the meeting. An entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact, without needing any additional record of the votes cast in favour of or against the resolution.
- 18.5 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. No poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment.
- 18.6 A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be Members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 18.7 When demanded, a poll shall be taken at such time and place as the chairman of the meeting directs, not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business, other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 18.8 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.

19. Written resolutions

- 19.1 A resolution in writing executed by or on behalf of the requisite percentage of Full Members to vote upon it shall be as effectual as if it had been passed at a general meeting duly convened and held, and may consist of several instruments in the like form, each executed by or on behalf of one or more Full Members.
- 19.2 The requisite percentage referred to in Article 19.1 is:
- 19.2.1 more than 50% in the case of an ordinary resolution; or
- 19.2.2 not less than 75% in the case of a special resolution.

THE BOARD OF DIRECTORS

20. The Board

- 20.1 The Board shall comprise:
- 20.1.1 the holders from time to time of the posts of Chairman and Vice-Chairman of each Division (each a "**Elected Director**");
- 20.1.2 the holder from time to time of the post of Director General; and
- 20.1.3 such other persons as may be appointed by the Board (each an "**Appointed Director**").

21. Chairing of Board meetings

- 21.1 The Board shall elect one of their number to serve as Chairman of the Board, provided that no person shall be eligible to serve as Chairman of the Board unless he is a Representative of a Full Member.
- 21.2 The Chairman of the Board shall also serve as chairman of the Association.
- 21.3 The Chairman of the Board shall be appointed for a term of two years and shall then be eligible for immediate re-appointment.
- 21.4 If the Chairman of the Board 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 the meeting.

- 21.5 The Board may from time to time elect a Deputy Chairman of the Board from amongst the directors of the Association.
- 21.6 Subject to Article 21.7 below, the Deputy Chairman shall be appointed for a term of two years and shall then be eligible for immediate re-appointment.
- 21.7 In the event that the Chairman of the Board relinquishes his office (whether voluntarily or otherwise), the Deputy Chairman shall automatically, and without the need for further action on the part of any person, be appointed as Chairman of the Board.

22. Director General

- 22.1 A Director General of the Association shall be appointed by the Board on such terms, including remuneration, and for such period as the Board may think fit.
- 22.2 The Director General shall also be eligible to be appointed as the Secretary of the Association.
- 22.3 Any Director General in office may be removed by resolution passed by a majority of the Board.

23. Appointed Directors

- 23.1 The Board may by majority decision appoint any person to be an Appointed Director.
- 23.2 An Appointed Director:
- 23.2.1 shall be appointed for a term of two years and shall then be eligible for immediate re-appointment;
 - 23.2.2 may be removed from office with immediate effect or as the Board sees fit, by a majority decision of the Board; and
 - 23.2.3 shall be subject to confirmation in office at the next general meeting which occurs after the date of such Appointed Director's appointment.

24. Directors' general authority

- 24.1 The directors are responsible for the management of the business of the Association, for which purpose they may exercise all the powers of the Association.
- 24.2 All acts done by a meeting of the Board or by a director shall, notwithstanding that it be afterwards discovered that:

- 24.2.1 there was a defect in the appointment of any such director;
- 24.2.2 that any of the directors were disqualified from holding office;
- 24.2.3 had vacated office; or
- 24.2.4 were not entitled to vote,

be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

25. Members' reserve power

- 25.1 The Full Members may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 25.2 No such special resolution, nor any alteration of the Articles, invalidates anything which the directors have done before the passing of the resolution.

26. Delegation of directors' powers

- 26.1 Subject to these Articles, the directors may delegate any of the powers which are conferred on them under these Articles:
 - 26.1.1 to such person or committee;
 - 26.1.2 by such means (including by power of attorney);
 - 26.1.3 to such an extent;
 - 26.1.4 in relation to such matters or territories; and
 - 26.1.5 on such terms and conditions,as they think fit.
- 26.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 26.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

27. Decision making by directors

- 27.1 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 28.

27.2 In the event that more than one director serving on the Board represents, is employed by, or is otherwise connected to the same Full Member, such directors (or their alternates) shall:

27.2.1 disclose their connections to that Full Member to the Board; and

27.2.2 (unless otherwise authorised by the Board pursuant to Article 33) only be entitled to exercise one vote between them on any directors' resolution in relation to matters which are of direct import or relevance to that Full Member

28. Unanimous decisions

28.1 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.

28.2 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.

28.3 References in this Article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting of the Board.

28.4 A decision may not be taken in accordance with this Article if the eligible directors would not have formed a quorum at such a meeting.

29. Calling a Board meeting

29.1 The Board shall meet at least 4 times in each calendar year.

29.2 The Secretary or the Director General, or (in the absence of a secretary) any director shall call meetings of the Board on the request of either:

29.2.1 the Chairman of the Board; or

29.2.2 any two directors.

29.3 The Secretary shall give notice in writing of any meeting of the Board to the directors. Such notice must indicate:

29.3.1 its proposed date and time;

29.3.2 where it is to take place; and

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

29.4 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 Association 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.

30. Participation in Board meetings

30.1 Subject to these Articles, directors participate in a Board meeting, or part of a Board meeting, when:

30.1.1 the meeting has been called and takes place in accordance with these Articles; and

30.1.2 they can each communicate to the other directors any information or opinions they have on any particular item of the business of the meeting.

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

30.3 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.

30.4 The provisions of this Article 30 shall apply *mutatis mutandis* to meetings of any Management Committee or any other sub-committee or group of the Association.

31. Quorum for Board meetings

31.1 At a Board meeting, unless a quorum is participating, no proposal is to be voted on except a proposal to call another meeting.

31.2 The quorum for Board meetings may be fixed from time to time by the Board. Unless otherwise fixed, the quorum fixed for directors' meetings shall be three directors.

31.3 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:

31.3.1 to appoint further directors; or

31.3.2 to call a general meeting so as to enable the Full Members to appoint further directors.

32. Casting vote

32.1 If the number of votes for and against a proposal are equal, the Chairman of the Board, or in his absence, such other person as has been appointed to chair a meeting of the directors, has a casting vote.

32.2 But Article 32.1 does not apply if, in accordance with these Articles, the Chairman of the Board, or such other person as has been appointed to chair a meeting of the directors, is not to be counted as participating in the decision-making process for quorum or voting purposes.

33. Conflicts of interest

33.1 The directors may, in accordance with the requirements set out in this Article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an "**Interested Director**") breaching his duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**").

33.2 Any authorisation under this Article 33 will be effective only if:

33.2.1 the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles, or in such other manner as the directors may determine;

33.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and

33.2.3 the matter was agreed to without the Interested Director voting, or would have been agreed to if the Interested Director's vote had not been counted.

33.3 Any authorisation of a Conflict under this Article 33 may (whether at the time of giving the authorisation or subsequently):

33.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

- 33.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
 - 33.3.3 provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
 - 33.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
 - 33.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Association) information that is confidential to a third party, he will not be obliged to disclose that information to the Association, or to use it in relation to the Association's affairs where to do so would amount to a breach of that confidence; and
 - 33.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.
- 33.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 33.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director prior to such revocation or variation, in accordance with the terms of such authorisation.
- 33.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Association for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Association at a general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation), and no contract shall be liable to be avoided on such grounds.

34. Interests in transactions with the Association

A director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Association may attend, vote and be counted in the quorum at any meeting of the director(s), provided that he has disclosed to the Board the nature and extent of his interest in accordance with section 177 of the Act.

35. Directors' remuneration

35.1 The Board may enter into an agreement or arrangement with an Appointed Director for:

35.1.1 his employment by the Association; or

35.1.2 for the provision by him of any services outside the scope of his ordinary duties as a director of the Association.

35.2 Any such appointment, agreement or arrangement referred to in Article 35.1 above:

35.2.1 may be made upon such terms as the Board determines; and

35.2.2 shall terminate if he ceases to be a director of the Association (but without prejudice to any claim to damages for breach of any contract of service or contract for services between him and the Association).

35.3 An Appointed Director shall disclose to the Association any remuneration and/or other benefit derived from such office in the financial year in which it is received.

36. Payment of expenses

The Board may pay to any director or any other person out of the funds of the Association any reasonable expenses which such director or other person incurs in or about the ordinary business of the Association or in performing special services on its behalf, with the authority or sanction of the Board but not otherwise.

37. Minutes of meetings

37.1 The Board shall cause proper minutes to be made of all proceedings and business transacted at:

37.1.1 meetings of the Board (including but not limited to all appointments of officers made by the Board); and

37.1.2 general meetings of the Association.

37.2 Any minutes of a meeting of the Board or of a general meeting of the Association shall, where signed by the chairman of such meeting, be sufficient evidence without any further proof of the facts stated in such minutes.

38. Disqualification and removal of directors

38.1 A person shall cease to be a director as soon as:

38.1.1 he becomes bankrupt or makes any arrangement or composition with his creditors generally;

38.1.2 he is convicted of any offence of dishonesty;

38.1.3 he is, or may be, suffering from mental disorder and either:

(a) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

(b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;

38.1.4 he ceases to hold the office by which he was qualified to be a Board member unless the other members of the Board invite him to continue and there are sufficient vacancies on the Board to allow him to do so;

38.1.5 he gives notice of resignation from the Board;

38.1.6 the Full Members in general meeting resolve by ordinary resolution that he shall cease to be a director;

38.1.7 more than 50% of the Full Members of the Division from which he was elected to the post of Chair or Vice-Chair of a Division resolve that he shall cease to be a director; or

38.1.8 a majority of the Board of the Association (excluding the Elected Director in question) resolves that the Elected Director is no longer able to properly represent the interests of the Association because:

(a) the Elected Director has ceased to be an employee or director of the Member of which he is the Representative, or has been placed on garden leave by such Member;

- (b) the Elected Director has been unable to perform his duties to a material extent during the previous 6 months due to prolonged illness;
or
- (c) the Elected Director has, in the Board's opinion, acted inappropriately.

38.2 In the event that a director ceases to be director under any provision of article 38.1, he shall be deemed to have resigned any and all other offices he may hold within the Association, including but not limited to that of Representative of the Full Member which appointed him, Chair or Vice-Chair of any Division and member of any Committee, on the date he ceased to be a director.

38.3 If the current composition of the Board is not confirmed at any general meeting of the Members:

38.3.1 the directors shall continue in office for 28 days during which time the Management Committee of each Division will be required to re-elect or replace their Chairman and Vice-Chairman; and

38.3.2 the officers so re-elected and the replacements of officers not so re-elected shall constitute a new Board from the expiry of the 28 day period. After the expiry of this period, the new Board may reappoint or replace any one or more of the Appointed Directors.

39. Alternate Directors

39.1 Any director ("**appointor**") may appoint as an alternate any other director, or any other person approved by resolution of the directors, to exercise that director's powers and carry out that director's responsibilities in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

39.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.

40. Rights and Responsibilities of Alternate Directors

40.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

40.2 Alternate directors:

40.2.1 are deemed for all purposes to be directors;

40.2.2 are liable for their own acts and omissions;

40.2.3 are subject to the same restrictions as their appointors; and

40.2.4 are not deemed to be agents of or for their appointors,

and in particular (without limitation) each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

40.3 A person who is an alternate director but not a director:

40.3.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);

40.3.2 may participate in a unanimous decision of the directors (but only if his appointor is an Eligible Director in relation to that decision, but does not participate); and

40.3.3 shall not be counted as more than one director for the purposes of Articles 40.3.1 and 40.3.2.

40.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an Eligible Director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.

40.5 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

41. Termination of Alternate Directorship

41.1 An alternate director's appointment as an alternate terminates:

41.1.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

41.1.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;

41.1.3 on the death of the alternate's appointor; or

41.1.4 when the alternate's appointor's appointment as a director terminates.

42. Secretary

Subject to the provisions of the Act, the Secretary shall be appointed by the Board on such terms and for such period as the Board may think fit, and any Secretary so appointed may be removed by the Board.

THE COMMITTEES

43. Committees

43.1 The Board may delegate any of its powers to sub-committees consisting of such persons as it thinks fit, or to the Management Committees of the Divisions. Any such delegation may be made subject to any conditions the Board may impose and may be revoked or altered.

43.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from these Articles if they are not consistent with them.

43.3 Subject to any such conditions or rules of procedure, the proceedings of any such sub-committee shall be governed by the Articles regulating the proceedings of the Board so far as they are capable of applying.

44. The Management Committees

44.1 Each of the Divisions shall be governed by a Management Committee.

44.2 Each Management Committee shall, save as expressly provided in these Articles, determine its title and the conduct of its own proceedings.

44.3 Each Member of a Division shall be entitled to send one or more Representative(s) to the meetings of the Management Committee of that Division, subject always to Article 10.2 and the terms of reference of that Management Committee.

45. Chairmen and Vice-Chairmen of the Divisions

45.1 Subject to Article 10.2, the Management Committee of each Division shall elect from amongst the Representatives of the Members of that Division a Chairman and Vice-Chairman, each of whom will serve upon:

45.1.1 the Management Committee of that Division; and

- 45.1.2 the Board of the Association as Elected Directors.
- 45.2 Each Elected Director shall hold office for two years and shall then be eligible for immediate re-appointment, unless he shall cease to be a director in one or more of the circumstances outlined in article 38.1.

ADMINISTRATION

46. Legal Proceedings

The Association shall not contribute to the costs of conducting or defending any action or other proceedings in any court of law, save in any case in which the Board has determined that, in their opinion, to do so would be within the interests of the Association.

47. Accounts

- 47.1 The Board shall cause proper books of accounts to be kept with respect to:
- 47.1.1 all sums of money received and expended by the Association, and the matters in respect of which such receipts and expenditure take place;
 - 47.1.2 all sales and purchases of goods by the Association; and
 - 47.1.3 the assets and liabilities of the Association.
- 47.2 The books of accounts shall:
- 47.2.1 be kept at the Association's registered office, or at such other place or places as the Board shall decide; and
 - 47.2.2 at all times be open to the inspection of the directors.
- 47.3 The Association in general meeting may from time to time make reasonable conditions and regulations as to the time and manner of the inspection by the Members of the accounts and books of the Association, or any of them.
- 47.4 Subject to any conditions and regulations imposed under Article 47.3, the accounts and books of the Association shall be open to the inspection of the Members at all reasonable times during business hours.
- 47.5 The Board shall send the following documents to all persons entitled to receive notice

of general meetings:

47.5.1 a profit and loss account for the period since the last preceding account and a balance sheet, each made up to a date not more than nine months before such meeting;

47.5.2 a report of the Board; and

47.5.3 a report of the auditors.

48. Audit

48.1 At least once in every year the accounts of the Association shall be examined by one or more properly qualified auditors, who shall ascertain the accuracy of the profit and loss account and balance sheet.

48.2 In accordance with section 487 of the Act, where no auditor has been appointed by the end of the next period for appointing auditors, any auditor in office immediately before that time is deemed to be re-appointed at that time, unless:

48.2.1 he was appointed by the directors;

48.2.2 the deemed re-appointment is prevented by the Members under section 488 of the Act;

48.2.3 the Members have resolved that he should not be re-appointed; or

48.2.4 the directors have resolved that no auditor or auditors should be appointed for the financial year in question.

48.3 Auditors shall be appointed and their duties regulated in accordance with the Act.

49. Notices

49.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing.

49.2 The Association may give any notice to a Member:

49.2.1 personally;

49.2.2 by sending it by post in a prepaid envelope addressed to the Member at its address as appearing in the Register of Members;

- 49.2.3 by leaving it at the Member's address as appearing in the Register of Members; or
- 49.2.4 by transmission to an electronic mail address or facsimile number notified to the Association by the Member for that purpose.
- 49.3 A Member present by means of its Representative or other nominee at any meeting of the Association shall be deemed to have received notice of the meeting and, where necessary, of the purposes for which that meeting was called.
- 49.4 A Member whose registered address is not within the United Kingdom and who gives to the Association an address within the United Kingdom at which notices may be given to it shall be entitled to have notices given to it at that address, but otherwise no such Member shall be entitled to receive any notice from the Association.
- 49.5 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given.
- 49.6 Notice of a meeting shall be deemed to have been given:
- | <i>Method of delivery</i> | <i>Date of deemed receipt</i> |
|--|--|
| Personal delivery | Date of delivery |
| Post | 48 hours after the envelope containing the notice was posted |
| Hand delivery to Member's notified address | Date of delivery |
| Facsimile transmission | Date of successful transmission |
| Electronic mail message | Date of transmission |
- 49.7 Any notice to be given or resolution circulated to the Board or any sub-committee of the Board or to the Management Committees of the Association or any other committee or group of Members should be in writing or should be given in electronic form to an address for the time being notified for that purpose to the person giving the notice or circulating the resolution.
- 49.8 Subject to these Articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such

notices or documents for the time being.

- 49.9 Subject to these Articles, anything sent or supplied by or to the Association under these Articles may be sent or supplied in any way in which the Act 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 Association.

50. Winding up

On the winding-up and dissolution of the Association, the balance of its funds and assets after satisfaction of its debts and liabilities shall be transferred to such other person(s) as may be decided by ordinary resolution of the Full Members, provided that no assets shall be transferred to any Member of the Association.

51. Indemnity

- 51.1 Subject to the provisions of the Act, every director, Secretary or other officer or auditor of the Association shall be indemnified out of the assets of the Association against any liability incurred by him in defending any proceedings whether civil or criminal, in which:

51.1.1 judgment is given in his favour;

51.1.2 he is acquitted; and/or

51.1.3 relief is granted to him by the court,

in relation to liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Association.

- 51.2 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.