

**THE COMPANIES ACT 1985 TO 2006
COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL**

ARTICLES OF ASSOCIATION

of

THE SCOTTISH FURTHER EDUCATION UNIT

(Adopted by Special Resolution on 27 May 2009)

INTERPRETATION

1. (a) In these Articles:

"1985 Act"	means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;
"2006 Act"	means the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force;
"the Acts"	means the 1985 Act and the 2006 Act;
"the Advisory Group"	means such advisory group as may be established from time to time to assist the Chief Executive;
"AGM"	means annual general meeting;
"Articles"	means the Articles of Association of the Company;
"Board"	means the directors for the time being of the Company;
"Charities Act"	means the Charities and Trustee Investment (Scotland) Act 2005 including any statutory modification or re-enactment thereof for the time being in force;

"Chair"	means the chairperson of (but excluding any person who is for the time being an employee or student) a Company Member;
"Chairperson"	means the chairperson of the Company appointed pursuant to Article 60;
"Chairs' Congress"	means the congress of chairs as constituted and/or designated from time to time;
"clear days"	means in relation to the period of a notice that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;
"College of Further and Higher Education"	means any college of further and higher education with a board of management within the meaning of section 36 of the Further and Higher Education (Scotland) Act 1992 and Sabhal Mor Ostaig, Newbattle Abbey College, Orkney College and Shetland College;
"the Company"	means The Scottish Further Education Unit;
"Company Member"	means those Colleges of Further and Higher Education admitted to membership of the Company in accordance with Articles 2 or 3;
"electronic communication" and "communication"	have the meanings given to them by the Electronic Communications Act 2000;
"Ex Officio Director"	means a director appointed in accordance with article 37;
"Memorandum"	means the Memorandum of Association of the Company;
"Principal"	means the Principal or Director, or person of equivalent status or title in overall charge as Chief Executive of a Company Member;
"Principals' Convention"	means the convention of principals as constituted and/or designated from time to time; and
"Secretary"	means the secretary of the Company or any other person appointed to perform the duties of

the secretaries of the Company, including a joint, assistant or deputy secretary.

- (b) Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Acts.
- (c) Unless the contrary intention appears, expressions referring to writing shall be construed as including references to printing, photography and any other mode of representing or reproducing words in visible form; words importing the singular number only shall include the plural number and vice versa; words importing the masculine gender only shall include the feminine gender; and words importing persons shall include partnerships, associations and corporations.

COMPANY MEMBERS

- 2. Those persons who are members of the Company as at the date of adoption of these Articles and such other persons as are admitted to membership in accordance with Article 3 shall be Company Members. The number of Company Members shall not be less than 2. There is no upper limit on the number of Company Members.
- 3.
 - (a) The application of a person for membership shall be in writing in the form set down by the Board and shall be signed by the applicant and delivered to the Secretary at the registered office of the Company.
 - (b) The Secretary shall place the application before the Board at the next meeting thereof to be held after receipt of the application.
 - (c) Only Colleges of Further and Higher Education in Scotland are eligible to be Company Members.
 - (d) No person shall become a Company Member unless its admittance has been approved by the Board. Notwithstanding the foregoing, those persons who are members of the Colleges Open Learning Exchange Group as at the date of execution of the amalgamation agreement shall be admitted as members of the Company subject only to delivering a completed membership application form.

- (e) The Board may in its absolute discretion and without assigning any reason therefore, admit or refuse any applicant's request, and shall not be bound to assign any reason for refusing to admit any person to membership of the Company.
 - (f) The Secretary shall within seven days of the decision of the Board notify in writing the decision to the applicant and if the decision is to admit it as a Company Member shall enter the name of that person in the Register of Members of the Company whereupon that person shall become a Company Member. Upon becoming a Company Member that person shall become liable for payment to the Company of such annual levy or subscription as the Company may determine.
 - (g) In each year the Company in general meeting shall (if recommended by the Board) fix the subscription or subscriptions to be paid by each Company Member, provided that the Company shall not impose a subscription on a Company Member which is higher than that recommended by the Board.
4. A Company Member shall cease to be a Company Member upon:
- (a) its name being removed from the Register of Members of the Company, following the receipt by the Company of at least 30 days' notice in writing, intimating that it resigns as a Company Member; or
 - (b) it ceasing to be a College of Further and Higher Education; or
 - (c) a resolution being passed at a meeting of the Board removing it as a Company Member; provided that such resolution is passed by not less than three-fourths of the Board present at a meeting called for the purposes of which such Company Member shall have been given not less than fourteen days' notice in writing and at which it shall have been given the right to attend and to be heard; or
 - (d) its passing a resolution to wind up or having a winding up petition presented against it or a receiver being appointed in respect of any of its assets.
5. Membership of the Company shall not be transferable.

GENERAL MEETINGS

6. The Company shall hold a general meeting in every calendar year as its AGM in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it; and not more than fifteen months shall elapse between the date of one AGM of the Company and the next, provided that the Company holds its first AGM within eighteen months of its incorporation. The AGM shall be held at such time and place as the Board shall determine.
7. All general meetings, other than AGMs, shall be called general meetings.
8. The Board may, whenever it thinks fit, convene a general meeting. A general meeting shall also be convened by the Board after receipt of a requisition from Company Members, pursuant to the provisions of the Acts. If at any time there are not within the United Kingdom sufficient Board Members capable of acting to form a quorum, any Board Member or any two Company Members may convene a general meeting in the same manner as nearly as possible to that in which meetings may be convened by the Board.

NOTICE OF GENERAL MEETINGS

9. (a) An AGM and general meeting shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:
 - (i) in the case of an AGM, by all Company Members entitled to attend and vote thereat; and
 - (ii) in the case of any other meeting by a majority in number of the Company Members having a right to attend and vote being a majority together holding not less than ninety per cent of the total voting rights at the meeting of all the Company Members.
- (b) The notice shall specify the time, date and place of the meeting and the general nature of the business to be transacted and, in the case of an AGM, shall specify the meeting as such.
- (c) The notice shall be given to all the Company Members, the Board Members and to the Auditors.

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

PROCEEDINGS AT GENERAL MEETINGS

11. No business shall be transacted at any general meeting unless a quorum of Company Members is present at the time when the meeting proceeds to business. Save as herein otherwise provided one third of the persons entitled to vote upon the business to be transacted, each being a Company Member or a proxy for a Company Member or a duly authorised representative of a Company Member, shall be a quorum, or if at the time the total number of Company Members is not a multiple of three, the quorum shall be determined by dividing the number of Company Members by three and rounding up to the nearest whole number.
12. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Board may determine. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall stand adjourned to such time and place as the Board may determine. If the meeting has been convened upon the requisition of Members, and no quorum is present within half an hour from the time appointed for the meeting, then the meeting shall be dissolved.
13. The Chairperson of the Board or, in his/her absence, some other Board Member nominated by the Board shall preside as chair of the meeting but, if neither the Chairperson nor such other Board Member is present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Board Members present shall elect one of their number to be Chairperson and, if there is only one Board Member present and willing to act, he/she shall be Chairperson.
14. If no Board Member is willing to act as Chairperson, or if no Board Member is present within fifteen minutes after the time appointed for holding the meeting, the Company Members present and entitled to vote shall choose one of their number to be Chairperson.
15. A Board Member shall be entitled to attend and speak at any general meeting.

16. The Chairperson 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. When a meeting is adjourned for fourteen days or more, at least seven 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. Save as aforesaid, it shall not be necessary to give any such notice of an adjournment or of the business to be transacted at any adjourned meeting.
17. A resolution put to the vote of any general meeting shall be decided on a show of hands, unless a poll is, before or upon the declaration of the result of a show of hands, duly demanded. Subject to the provisions of the Acts, a poll may be demanded:
- (a) by the Chairperson; or
 - (b) by at least two Company Members having the right to vote at the meeting present in person or by proxy; or
 - (c) by a Company Member or Company Members present in person and representing not less than one-tenth of the total voting rights of all the Company Members
- and a demand by a representative on behalf of a Company Member or by a person as proxy for a Company Member shall be the same as a demand by the Company Member.
18. Unless a poll is duly demanded, a declaration by the Chairperson of the meeting that a resolution has been carried or lost and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
19. The demand for a poll may, before the poll is taken, be withdrawn, but only with the consent of the Chairperson, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
20. If a poll is duly demanded it shall be taken in such manner as the Chairperson directs. The result of the poll which shall be declared at such time and place as the

Chairperson may direct, shall be deemed to be the resolution of the meeting at which the poll was demanded.

21. In the case of an equality of votes, whether on a show of hands or on a poll the Chairperson shall not be entitled to a casting vote in addition to any other vote he/she may have.
22. A poll demanded on the election of a Chairperson of a meeting, or any question of adjournment shall be taken forthwith.
23. A poll demanded on any other question shall be taken either forthwith or at such time and place as the Chairperson directs not being more than thirty 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.
24. No notice needs to be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

VOTES OF COMPANY MEMBERS

25. On a show of hands every Company Member shall have one vote, which may be given either via its duly authorised representative at the meeting or by proxy. On a poll, Company Members represented by proxy or by duly authorised representative shall have one vote. A Company Member so represented is deemed present in person at such meeting.
26. With regard to the instrument appointing a proxy, if the appointer is a corporation or other organisation, it must be signed on its behalf by a duly authorised officer.
27. Any corporation or other organisation which is a Company Member may nominate in writing such person as it thinks fit to act as its representative at any meeting of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of the body which he represents as that body could exercise if it were an individual Company Member. Such body shall for the purposes of these presents be

deemed to be present in person at any such meeting if the person so authorised is present thereat.

28. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at the meeting shall be valid and counted. Any objection made in due time shall be referred to the Chairperson, whose decision shall be final and conclusive.
29. An instrument appointing a proxy shall be in writing, in a form determined by the Board.
30. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such authority certified notarially or in some other way approved by the Board may:
 - (a) be deposited at the Company's registered office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (b) in the case of an appointment contained in an electronic communication where an address has been specified for the purpose of receiving electronic communication:
 - (i) in the notice convening the meeting; or
 - (ii) in any instrument of proxy sent out by the Company in relation to the meeting; or
 - (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to that meeting;

be received at such address not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote; or

- (c) in the case of a poll taken more than forty eight hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than twenty four hours before the time appointed for the taking of the poll; or
- (d) where the poll is not taken forthwith but is taken not more than forty eight hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Chairperson or to the Secretary or to any Board Member;

and an instrument of proxy which is not deposited or delivered or received in a manner so permitted shall be invalid. In this regulation "address" in relation to electronic communications includes any number or address used for the purpose of such communications. In calculating periods mentioned in this Article 30 no account shall be taken of any part of a day that is not a working day.

- 31. The instrument appointing a proxy shall confer authority to demand or join in demanding a poll.
- 32. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination was received by the Company at its registered office or at such other place at which the instrument of proxy was duly deposited or, where the appointment of the proxy was contained in an electronic communication at the address at which such appointment was duly received before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

BOARD MEMBERS

- 33. The number of Board Members shall not be more than eighteen and shall not be less than eight.
- 34. No Board Member shall vacate his office or be ineligible for re-appointment as a Board Member nor shall any person be ineligible for appointment as a Board Member by reason only of his having attained any particular age.

APPOINTMENT AND RETIREMENT OF BOARD MEMBERS

35. The following persons shall, upon adoption of these articles, be the Board Members:-

Chris Travis	(Chief Executive)
Ian Macpherson	(Chair of Chairs' Congress)
Linda McTavish	(Chair of Principals' Convention)
Tom Drake	(Chair)
Peter Finch	(Chair)
Brian Keegan	(Chair)
John Russell	(Chair)
John Burt	(Principal)
Mandy Exley	(Principal)
Ian Graham	(Principal)
Linda McKay	(Principal)
Christina Potter	(Principal)
Craig Thomson	(Principal)

The Board shall consist of a maximum of six Chairs and six Principals (appointed in accordance with Article 36); a maximum of two Ex Officio Directors (appointed in accordance with Article 37), and the Chief Executive (appointed in accordance with Article 61). The Board may also include a maximum of three co-opted directors appointed in accordance with Article 38. All the Board Members shall have equal status and voting rights.

36. Appointments to the Board other than the Chief Executive, the Co-opted Directors and Ex Officio Directors, shall be made in the following manner:

- (a) in the event that a Board Member vacates office for whatsoever reason the Board shall procure that a ballot be conducted to fill the vacancy in the manner set out in sub-paragraphs (b) to (f) below but without the requirement to convene an AGM;
- (b) not later than 28 clear days from the date of the vacancy arising the Secretary must make available to each Company Member notice of the vacancies on the Board;
- (c) each Company Member within 28 clear days from the date of the notice issued pursuant to paragraph (b) above may by notice in writing, signed on its behalf by an appropriate officer and given to the Secretary, nominate a Principal and/or a Chair to be a Board Member. No person shall be eligible for election to membership of the Board unless within the prescribed time the notice in writing shall have been given to the Secretary and also notice in

writing, signed by the person to be proposed, of his/her willingness to be elected;

- (d) not later than 7 clear days after the deadline for the receipt of Company Member's nominations, the Secretary must make available to each Company Member a document listing all the candidates for whom nominations were received;
- (e) if the number of candidates exceeds the number of vacancies a ballot will be held, each Company Member being entitled to cast one vote for each vacancy. The ballot may be held by post and/or by electronic communication, but in any case all votes must be received by the Secretary by the time and date (the "Voting Date") stated in the document listing the candidates;
- (f) the candidates with the highest number of votes will be elected until all the vacancies are filled. In the event of a tie, lots will be drawn in a manner directed by the Board. If the number of candidates does not exceed the number of vacancies all nominees are deemed elected. If any nominee declines to take office by giving notice to the Secretary before the result of the ballot is declared the candidate with the next highest number of votes will be elected in his/her place. The results of the ballot will be notified to the Company Members within 7 clear days of the Voting Date;
- (g) the new Board Member shall, subject to Articles 39 and 42, hold office for so long as they are a Principal or Chair (as the case may be). For the avoidance of doubt no Company Member shall be permitted to have both a Chair and Principal on the Board unless one is appointed as an Ex Officio Director;
- (h) notwithstanding the foregoing at the second AGM following the date of adoption of these Articles the following members of the Board: Christina Potter, John Burt and Craig Thomson shall retire from office. The retiring directors shall be entitled to submit themselves for reappointment under Article 36 for one further period of office of four years in accordance with Article 36.

EX OFFICIO DIRECTORS

- 37. The chairperson of each of the Principals' Convention and the Chairs' Congress shall be entitled to hold office as an Ex Officio Director of the Company.

CO-OPTED DIRECTORS

38. (a) The Board may at any time appoint any individual (other than an employee of the Company) to be a Board Member (a "Co-Opted Director") on such terms as the Board thinks fit provided that he/she is willing to act and that the number of Co-Opted Directors at any one time shall not exceed three.
- (b) At the conclusion of each AGM, all Co-Opted Directors then in office shall vacate office. Immediately following each AGM, the Board may re-appoint any of the Co-Opted Directors who vacated office at the conclusion of the AGM, appoint a person in his/her place or not fill the vacancy.
- 39 All Board Members, with the exception of the Chief Executive and Ex Officio Directors shall hold office for an initial period of no longer than four years. On expiry of that period each Board Member will be deemed to have retired and may submit themselves at any time thereafter for re-appointment under Article 36. The maximum period of office for Board Members, other than the Chief Executive and Ex Officio Directors shall be eight years. The Chief Executive shall hold office until his or her cessation of employment as Chief Executive.
40. The Chief Executive by virtue of his or her appointment, shall be a member of the Board and as such shall have, except as restricted by the Memorandum and these Articles of Association, equal status with all other Board Members.
41. The Company may by Ordinary Resolution of which special notice has been given in accordance with section 312 of the 2006 Act, remove any Board Member before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Board Member.

DISQUALIFICATION AND REMOVAL OF BOARD MEMBERS

42. The office of a Board Member shall be vacated if:
- (a) he ceases to be a Board Member by virtue of any provision of the Acts or he shall become prohibited by law from being a Board Member; or
- (b) he ceases to be a trustee under the terms of the Charities Act; or

- (c) he becomes bankrupt or apparently insolvent, be sequestrated or have a receiving order made against him, or grant a trust deed for the benefit of his creditors, or shall compound with his creditors generally; or
- (d) he is, or may be, incapacitated by mental disorder or physical illness; or
- (e) he resigns his office by notice left at the Company's registered office; or
- (f) he has been absent without reasonable cause or permission of the Board Members from three successive meetings of the Board and the Board resolve that his office be vacated; or
- (g) he becomes unable or unfit otherwise to discharge his functions as a Board Member; or
- (h) he is appointed pursuant to Article 36 and ceases to hold office as Principal or Chair (as the case may be), (except if he is appointed a Principal or Chair of another Company Member in which case he shall be entitled to retain office as a Board Member but only if the other Company Member does not at that time have a Principal or Chair on the Board); or
- (i) he is appointed pursuant to Article 37 and ceases to hold office as Chairperson of the Principals' Convention or the Chairs' Congress (as the case may be); or
- (j) he is appointed pursuant to Article 61, on the date of cessation of employment as Chief Executive.

POWERS OF THE BOARD

43. Subject to the provisions of the Acts, the Charities Act, the Memorandum and these Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Board Members, who may exercise all the powers of the Company. No alteration of the Memorandum or these Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Board Members by these Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board Members.

44. The Board shall have power from time to time to adopt and make, alter or revoke, bye-laws for the regulation of the Company and otherwise for the furtherance of the purposes for which the Company is established, provided that such bye-laws are not contrary to the wording and/or spirit of the Memorandum or these Articles or contrary to the Acts, the Charities Act or other regulations or guidelines concerning the Company. All such bye-laws for the time being in force shall be binding upon all Company Members until the same shall cease to have effect. No Company Member shall be absolved from any such bye-laws by reason of his not having received a copy of the same, or of any alterations or additions thereto, or having otherwise no notice of them.

DELEGATION OF BOARD MEMBERS' POWERS

45. The Board may delegate any of their powers to any committee consisting of two or more Board Members. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers, and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more Board Members shall be governed by these Articles regulating the proceedings of the Board, so far as they are capable of applying save that the Board may determine the quorum for meetings of any Committee. All acts and proceedings of any such committee shall be reported to the Board as soon as possible.
46. The Board may determine from time to time the membership of any Committee of the Board. The members of any Committee may be chosen from amongst the Board Members together with such other persons as may be co-opted to serve on any such Committee as the Board may decide. The Chairperson shall be entitled ex officio to be a member of any such Committee. The duration of membership of a Committee Member shall be specified in the letter of appointment of such a member. The Board has discretion to terminate the membership of any Committee Member. No Board Member shall be entitled to remuneration in respect of his position as such a member, but shall be entitled to be paid all travelling and other expenses properly incurred by him in carrying out his duties as a member of any Committee.

REMUNERATION OF BOARD MEMBERS

47. The Board Members may be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the

directors, at general meetings or otherwise in connection with the discharge of their duties, but shall otherwise be paid no remuneration (except in respect of the Chief Executive who shall be paid remuneration subject to Chapter Nine of the Charities Act).

BOARD MEMBERS' CONFLICTS OF INTERESTS

48.1 The Board may, in accordance with the requirements set out in this Article 48, authorise any matter proposed to them by any Board Member which would, if not authorised, involve a Board Member breaching his duty under section 175 of the 2006 Act to avoid conflicts of interest ("Conflict").

48.2 Any authorisation under this article 48 will be effective only if:

- (a) the matter in question shall have been proposed by any Board Member for consideration at a meeting of the Board in the same way that any other matter may be proposed to the Board under the provisions of these Articles or in such other manner as the Board may determine;
- (b) any requirement as to the quorum at the meeting of the Board at which the matter is considered is met without counting the Board Member in question; and
- (c) the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.

48.3 Any authorisation of a matter under this article 48 may (whether at the time of giving the authority or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
- (b) be subject to such terms and for such duration, or impose such limits or conditions as the Board may determine;
- (c) be terminated or varied by the Board at any time.

This will not affect anything done by the Board Member prior to such termination or variation in accordance with the terms of the authorisation.

48.4 In authorising a Conflict the Board may decide (whether at the time of giving the authority or subsequently) that if a Board Member has obtained any information through his involvement in the Conflict otherwise than as a Board Member of the

Company and in respect of which he owes a duty of confidentiality to another person the Board Member is under no obligation to:

- (a) disclose such information to the Board or to any Board Member or other officer or employee of the Company;
- (b) use or apply any such information in performing his duties as a Board Member;

where to do so would amount to a breach of that confidence.

48.5 Where the Board authorise a Conflict pursuant to this Article 48, the Board Member shall:

- (a) be excluded from discussions (whether at meetings of the Board or otherwise) related to the Conflict;
- (b) not be given any documents or other information relating to the Conflict;
- (c) not vote (or be counted in the quorum) at any future meeting of the Board in relation to any resolution relating to the Conflict.

48.6 Where the Board authorise a Conflict:

- (a) the Board Member will be obliged to conduct himself in accordance with any terms imposed by the Board in relation to the Conflict;
- (b) the Board Member will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the 2006 Act provided he acts in accordance with such terms, limits and conditions (if any) as the Board impose in respect of its authorisation.

48.7 A Board Member is not required, by reason of being a Board Member (or because of the fiduciary relationship established by reason of being a Board Member), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Board or by the Company in 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.

BOARD MEMBERS' DECLARATION OF INTERESTS

- 49.1 A Board Member who is in any way, whether directly or indirectly interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other Board Members before the Company enters into the transaction or arrangement in accordance with the Acts.
- 49.2 A Board Member who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other Board Members as soon as is reasonably practicable in accordance with the Acts, unless the interest has already been declared under Article 49.1.
- 49.3 A Board Member shall not be entitled to vote in respect of any proposed or existing transaction or arrangement with the Company in which he is interested and if he shall do so his vote shall not be counted and he shall be not taken into account in ascertaining whether a quorum is present.
- 49.4 A Board Member need not declare an interest under Article 49.1 and Article 49.2 as the case may be:
- (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
 - (b) of which the Board Member is not aware, although for this purpose a Board Member is treated as being aware of matters of which he ought reasonably to be aware;
 - (c) if, or to the extent that, the other Board Members are already aware of it, and for this purpose the other Board Members are treated as aware of anything of which they ought reasonably to be aware; or
 - (d) if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered at a meeting of the Board.
- 49.5 Notwithstanding any provisions in these Articles to the contrary, a Board Member may vote as a Board Member concerning any proposed insurance which the Company is empowered to purchase or maintain for or for the benefit of the Board Members or any of them or any group of persons which includes the Board Members or any of them, and if he shall so vote, his vote shall be counted and he shall be

reckoned in estimating a quorum when any such contract or arrangement is under consideration.

PROCEEDINGS OF THE BOARD MEMBERS

50. Subject to the provisions of these Articles and the Charities Act, the Board may regulate their proceedings as they think fit. A Board Member may, and the Secretary and the Chief Executive at the request of a Board Member shall, or on the request of any two Company Members, the Chief Executive or the Secretary shall call a meeting of the Board. A Board Member who is absent from the United Kingdom, shall only be entitled to notice of a meeting at his address in the United Kingdom. The Board shall meet at least four times in each year.
51. The quorum for the transaction of the business of the Board may be fixed by the Board Members and unless so fixed at any other number shall be one third of all Board Members, or if at the time the total number of Board Members is not a multiple of three, the quorum shall be determined by dividing the number of Board Members by three and rounding up to the nearest whole number. Subject to the provisions of these Articles all questions arising at a meeting of the Board shall be decided by a majority of votes. In the case of an equality of votes the Chairperson shall not have the casting vote.
52. Subject to the provisions of these Articles a Board Member may participate in a meeting of the Board or a committee of Board Members by means of a conference telephone or similar communications equipment whereby all the Board Members participating in the meeting can hear each other and the Board Members participating in a meeting in this manner shall be deemed to be present in person at such meeting.
53. The continuing Board Members or a sole continuing Board Member may act notwithstanding any vacancies in their number, but, if the number of Board Members is less than the minimum number fixed pursuant to Article 33, the continuing Board Member or Board Members may act only for the purpose of filling vacancies in accordance with Article 36 or of calling a general meeting or of admitting persons to membership of the Board.
54. All acts bona fide done by a meeting of the Board, or of a committee of Board Members, or by a person acting as a Board Member shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Board

Member or that any of them were disqualified from holding office, or had vacated office, or 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 Board Member and had been entitled to vote.

55. A resolution in writing consented to and signed by all the Board Members entitled to receive notice of a meeting of the Board or of a committee of Board Members shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of Board Members duly convened and held and may consist of several documents in the like form each consented to and signed by one or more Board Members, which consent and signature may be evidenced by letter, telex, cable, electronic mail, facsimile or otherwise as the Board Members may from time to time resolve to permit.
56. The Company may by Ordinary Resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of these Articles prohibiting a Board Member from voting at a meeting of the Board or of a committee of Board Members.
57. Where proposals are under consideration concerning the appointment of two or more Board Members to offices or employment with the Company or any body corporate in which the Company is interested, the proposals shall be divided and considered in relation to each Board Member separately and (provided he is not for another reason precluded from voting) each of the Board Members concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
58. If a question arises at a meeting of the Board or of a committee of Board Members as to the right of a Board Member to vote, the question may, before the conclusion of the meeting, be referred to the Chairperson and his/her ruling in relation to any Board Member other than himself shall be final and conclusive.
59. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

CHAIRPERSON AND VICE CHAIRPERSON

60. (a) The Board may appoint one of their number to be the Chairperson of the Board for a term of four years and may remove him/her at any time from that office. A Chairperson may be appointed for one further term of office. In those circumstances the Chairperson may be re-appointed for one further term of four years.
- (b) The Board may appoint one of their number to be the Vice Chairperson of the Board for a term of four years and may remove him/her at any time from that office. A Vice Chairperson may be appointed for one further term of four years.

CHIEF EXECUTIVE

61. The Board may from time to time appoint a person to the office of Chief Executive for such period and on such terms and at such remuneration as it thinks fit, and the Board may delegate such powers to the Chief Executive as it deems appropriate. Subject to the terms of any agreement entered into in any particular case it may revoke such appointment. Such person shall be a Board Member of the Company. The Chief Executive shall determine the members of any Advisory Group and the chairperson of such Advisory Group. The members of the Advisory Group need not be Board Members. All acts and proceedings of an Advisory Group shall be reported to the Chief Executive as soon as possible. The Company may enter into an agreement or arrangement with the Chief Executive for his or her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a director. Subject to the provisions of Chapter Nine of the Charities Act, any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate the Chief Executive for his or her services as they think fit.

SECRETARY

62. Subject to the provisions of the Acts, the Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them.

MINUTES

63. The Board Members shall cause minutes to be made in the books kept for the purpose of all appointment of officers of the Company and of senior employees; and of all proceedings at meetings of the Company and of the Board Members and of any Committees, including the names of all present at each meeting thereof.

THE SEAL

64. The Company shall not be obliged to have a Seal. If it elects to do so, the Board shall provide for the safe custody of the seal, which shall only be used by the authority of the Board or of a Committee of Board Members authorised by the Board. Every instrument to which the seal shall be affixed shall be signed either by a Board Member and by the Secretary or by two Board Members.

ACCOUNTS

65. The Board shall cause accounting records to be kept in accordance with the Acts. Such records shall, subject as provided in section 222 of the 1985 Act (or section 388 of the 2006 Act as the case may be), be kept at the registered office of the Company or at such other place as the Board Members think fit and shall at all times be open to inspection by any of the Board Members. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and statutory books of the Company or any of them shall be open to the inspection of the Company Members. No Company Member shall have any right of inspecting any accounting records or other books or documents of the Company except as conferred by statute or authorised by the Board or by Ordinary Resolution of the Company or the Memorandum.
66. The Board shall in accordance with the Acts cause to be prepared in respect of each accounting reference period of the Company the accounts and reports therein specified and shall in accordance therewith lay before the Company in general meeting and deliver to Companies House copies of such accounts and reports. A copy of such accounts and reports shall not less than fourteen days before the date of the meeting at which they are to be so laid be sent to every Company Member entitled to receive notice of general meetings and to every holder of debenture of the Company so entitled. The Auditors' Report shall be open to the inspection of any Company Member.

AUDIT

67. Auditors shall be appointed and their rights and duties regulated in accordance with the Acts.
68. True accounts shall be kept of the sum of money received and expended by the Company, the matters in respect of which such receipts and expenditure take place and of the property, assets and liabilities of the Company. Once at least in every calendar year the accounts of the Company shall be examined and the correctness of the balance sheet ascertained by the Auditors appointed under the preceding Article.

NOTICES

69. Any notice to be given to or by any person pursuant to these Articles shall be in writing including a notice calling a meeting of the Board and/or shall be given using electronic communications to an address notified for that purpose to the person giving the notice. For these purposes and the purposes of the following Article, "address" in relation to electronic communications, includes any number or address used for the purposes of such communications.
70. The Company may give any notice to a Company Member or to his representative either personally or by sending it by post in a prepaid envelope addressed to the Company Member or to his representative at his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the Company by the Company Member. A Company Member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to them or an address to which notices may be sent using electronic communication shall be entitled to have notices given to them at that address, but otherwise no such Company Member shall be entitled to receive any notice from the Company.
71. A Company Member present, either in person via an authorised representative or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
72. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance

issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. A notice shall, unless the contrary is proved, be deemed to be given at the expiration of forty-eight hours after the envelope containing it was posted or in the case of a notice contained in an electronic communication, at the expiration of 48 hours after the time it was sent.

73. A notice may be served by any Company Member upon the Company either by leaving it at the Company's registered office or by sending it through the post in a prepaid letter addressed to the Company at its registered office.
74. Subject to any rule of law, a notice shall be deemed to be fully served or given if it is transmitted by post or electronic mail.

INDEMNITY

75. Subject to the provisions of the Acts, but without prejudice to any indemnity to which a Board Member may otherwise be entitled, every Board Member or other Officer or Auditor of the Company shall be indemnified out of the assets of the Company against any liability, incurred by him as a director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in which the charge is found not proven or in connection with any application in which relief is granted by him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
76. The directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, employees or auditors of the Company including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in connection with their duties, powers or offices in relation to the Company.

WINDING UP

77. Clause 7 of the Memorandum relating to the winding up of and dissolution of the Company shall have effect as if the provisions thereof were repeated in these Articles.