Companies Acts 1985 – 89

A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

OF

ASSURED FOOD STANDARDS

Adopted by special resolution on 22 November 2019

1 PRELIMINARY

1.1 In these Articles unless inconsistent with the context or otherwise specified:

1.1.1 The following expressions have the following meanings:

"Act":	Companies Act 2006, including any statutory modification or re-enactment of it for the time being in force;
"Board":	the Board of Directors for the time being of the Company;
"Chairman":	the person appointed from time to time as Chairman of the Company pursuant to Article 11.1;
"Chief Executive"	the person appointed from time to time Chief Executive of the Company pursuant to Article 14;
"clear days":	in relation to the period of a notice, 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;
"Directors"	the directors of the Company from time to time, comprising the Chairman, the Sector Directors, the Independent Directors (including the Vice-Chairman) and the Industry Directors;
"Independent Directors":	the Vice-Chairman and any other persons appointed from time to time as Independent Directors pursuant to Article 13.1.3; and "Independent Director" means any one of them;

"Industry Directors":	the persons appointed from time to time as Industry Directors pursuant to Article 13.1.2; and "Industry Director" means any one of them;
"Members":	the members for the time being of the Company and being collectively known as the "Ownership Body"; and "Member" means any one of them;
"Nominations Committee"	the committee of the Board referred to in Article 10.4;
"Office":	the registered office for the time being of the Company;
"Secretary":	the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
"Sector Board Committee"	the committee of the Board referred to in Article 10.2;
"Sector Directors"	the persons appointed from time to time as Sector Directors pursuant to Article 13.1.1; and "Sector Director" means any one of them;
"Standards Committee"	the committee of the Board referred to in Article 10.3;
"United Kingdom":	United Kingdom of Great Britain and Northern Ireland;
"Vice Chairman":	the person appointed from time to time as Vice-Chairman of the Company pursuant to Article 12.1.

1.1.2 Words or expressions have the same meaning as in the Act;

1.1.3 References to persons include corporations sole, bodies corporate, firms and unincorporated Associations;

1.1.4 Words importing one gender include the other gender;

1.1.5 Words importing the singular include the plural and vice versa;

1.1.6 References to Articles are to numbered paragraphs of these Articles;

1.1.7 The headings in these Articles are for convenience only and shall be ignored in construing the language or meaning of these Articles.

1.2 The Company is established for the objects expressed in the Memorandum of Association.

2 MEMBERSHIP

2.1 The subscribers to the Memorandum of Association of the Company and such other persons as are admitted to membership in accordance with these Articles shall be the Members.

2.2 Every person who wishes to become a Member shall apply for membership in writing in such form as the Board requires.

2.3 No person shall be admitted to membership unless he is elected by special resolution passed at a general meeting of the Company in respect of which at least 14 clear days' notice has been duly given. The maximum number of Members shall be 18 and the minimum number of Members shall be 1.

2.4 Without prejudice to any accrued rights of the Company against such Member, a person shall forthwith cease to be a Member upon the happening of any of the following events:

2.4.1 a special resolution (of which at least 14 clear days' notice has been duly given) is passed at a general meeting of the Company that the membership of such Member be terminated provided that such Member shall be entitled to be heard on the relevant resolution at such general meeting; or

2.4.2 the person resigns as a Member by notice in writing to the Company; or

2.4.3 an ordinary resolution, of which at least 14 clear days' notice has been duly given, is passed at a general meeting of the Company that the membership of such Member be terminated by giving that Member seven days written notice to that effect at any time after that Member:

2.4.3.1 has a receiver appointed of the whole or any part of his property or undertaking or makes any composition or scheme of arrangement with his creditors or becomes subject to a bankruptcy order or an administration order or goes into liquidation by an order or a resolution for winding up; or

2.4.3.2 does anything which brings or might reasonably be expected to bring the Company or any other member into disrepute.

2.5 Any person admitted to Membership which is a body corporate:

2.5.1 shall be so admitted in the name of that body corporate;

2.5.2 may act at general meetings by its duly authorised representative appointed pursuant to section 323 of the Act (representation of corporations at meetings); and

2.5.3 otherwise may act through any Director, other officer or executive of such body corporate as the Directors of the Company may approve.

2.6 Any person admitted to Membership which is a corporation sole shall be so admitted in the name of that corporation sole and may act by any duly authorised representative appointed for the purpose by the corporation sole concerned.

2.7 None of the rights and privileges of a Member in relation to the Company nor the membership itself shall be chargeable, transferable or transmissible by such Member's own act or by operation of law or otherwise.

2.8 No person shall be admitted to membership unless he endorses the philosophy and objectives of the Company and his own aims and objectives are consistent with those.

2.9 Every Member shall from time to time notify to the Secretary a place of business or residence to be registered as his address and the Secretary shall maintain in the Company's register of Members such details together with the names of all Members from time to time.

3 GENERAL MEETINGS

3.1 The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. Not more than 15 months shall elapse between the date of one annual general meeting of the Company and that of the next. Notwithstanding the foregoing, so long as the Company holds its first annual general meeting within 18 months of its incorporation it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the Directors shall appoint. All general meetings other than annual general meetings shall be called extraordinary general meetings.

3.2 The Directors may call general meetings and, on the requisition of Members pursuant to the provisions of the Act (which refers to a requisition of Members representing not less than one-tenth of the total voting rights of all the Members having at the date of deposit of the requisition a right to vote at a general meeting), shall forthwith proceed to convene an extraordinary general meeting for a date not later than 12 weeks after receipt of the requisition. If there are not within the United Kingdom sufficient Directors to call a general meeting, any Director or any Member may call a general meeting.

4 NOTICE OF GENERAL MEETINGS

4.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a Director shall be called by at least 21 clear days' notice. All other extraordinary general meetings shall be called by at least 14 clear days' notice but a general meeting may be called by shorter notice if it is so agreed:

4.1.1 in the case of an annual general meeting, by all the Members entitled to attend and vote at it; and

4.1.2 in the case of any other meeting, by a majority in number of the Members having a right to attend and vote being a majority together holding not less than 95 per cent of the total voting rights at the meeting of all the Members.

4.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such. The notice shall be given to all the Members and to the Directors and auditors.

4.3 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.

5 PROCEEDINGS AT GENERAL MEETINGS

5.1 No business shall be transacted at any meeting unless a quorum is present. Subject to Article 5.2, a quorum shall be such number of persons entitled to vote upon the business to be transacted (each being a Member or a proxy for a Member or a duly authorised representative of a corporation or corporation sole), as represents not less than half the Members.

5.2 If and for so long as the Company has only one Member, that Member present in person or by proxy or, if that Member is a corporation or corporation sole, by a duly authorised representative, shall be a quorum.

5.3 If a quorum is not present within 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 the same day in the next week at the same time and place or to such time and place as the Directors may decide. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for the meeting, the meeting shall be dissolved.

5.4 At every meeting of the Company the Chairman shall preside as the Chairman of the meeting, but if at any time there is no such Chairman or he is not present within 30 minutes after the time appointed for holding the meeting or he is unwilling to act, the Vice Chairman appointed pursuant to Article 12 shall preside as Chairman of the meeting, but if he also is not present within thirty minutes after the time appointed for holding the meeting or he is unwilling to act, the Directors present shall elect one of their number to be Chairman and, if there is only one Director present and willing to act, he shall be Chairman.

5.5 If no Director is willing to act as Chairman, or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of their number to be Chairman.

5.6 A Director shall, notwithstanding that he is not a Member, be entitled to attend and speak at any general meeting.

5.7 The Chairman 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, 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.

5.8 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. Subject to the provisions of the Act, a poll may be demanded:

5.8.1 by the Chairman; or

5.8.2 by at least 2 Members (present in person, by proxy or by a duly authorised representative) having the right to vote at the meeting; or

5.8.3 in writing by a Member or Members (present in person, by proxy or by a duly authorised representative) representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting.

5.9 Unless a poll is duly demanded a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority 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.

5.10 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman 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.

5.11 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.

5.12 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the Chairman 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. At least 7 clear days' notice shall be given of a poll not taken forthwith specifying the time and place at which the poll is to be taken.

5.13 Save for any resolution to remove a director under section 168 of the Act or any resolution to remove an auditor under section 510 of the Act, a resolution in writing passed by such Members who together comprise the relevant majority of eligible members required to pass the resolution in question shall have effect as if it had been passed at a general meeting duly convened or held provided that:

5.13.1 it consists of an instrument executed by or on behalf of each such Member; or

5.13.2 it consists of several instruments in the like form each executed by or on behalf of one or more of such Members

and in each case is deposited or sent by post to the Office or received by the Secretary by email (by way of a scanned electronic copy of the signed resolution being sent to such email address as shall have been notified to the Members when circulating the written resolution in question).

Any such resolution in writing shall be deemed to be duly executed in the case of a body corporate if signed by a Director or the Secretary of it or another person duly authorised to act on behalf of the body corporate concerned and in the case of a corporation sole if signed by a duly authorised representative.

5.14 If and for so long as the Company has only one Member and that Member takes any decision which is required to be taken in general meeting by means of a written resolution, that decision shall be as valid and effectual as if agreed by the Company in general meeting, except that this Article 5.14 shall not apply to resolutions passed pursuant to sections 168 (removal of a Director) and 511 (removal of auditors) of the Act.

5.15 Any decision taken by a sole Member pursuant to Article 5.14 shall be recorded in writing and delivered by that Member to the Company for entry in the Company's minute book.

6 VOTES OF MEMBERS

6.1 Any Member entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of him and any proxy so appointed shall have the same right as the Member to speak at the meeting concerned.

6.2 On a show of hands each Member present in person, by proxy or by a duly authorised representative shall have one vote.

6.3 On a poll each Member present in person, by proxy or by a duly authorised representative shall have one vote.

6.4 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall be entitled to a casting vote in addition to any other vote he may have.

6.5 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. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive.

6.6 An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointer and shall be in the following form or in a form as near to it as circumstances allow or in any other form which is usual or which the Directors may approve):

"Assured Food Standards 2003

I/We, , of

, being a Member/Members of the above-named Company, hereby appoint

of

, or failing him, of

, as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on [date], and at any adjournment of that Meeting

Signed on [date]."

6.7 Where it is desired to afford Members an opportunity of appointing the Chairman of the meeting concerned as a proxy, the instrument appointing a proxy shall be in the following form (or in a form as near to it as circumstances allow or in any other form which is usual or which the Directors may approve):

"Assured Food Standards 2003

I/We, , of

, being a Member/Members of the above-named Company, hereby appoint the Chairman of the meeting concerned as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on [date], and at any adjournment of that meeting.

Signed on [date].”

6.8 Where it is desired to afford Members an opportunity of instructing the proxy how he shall act, the instrument appointing a proxy shall be amended by the addition of a final provision in the following form (or in a form as near to it as circumstances allow or in any other form which is used or which the Directors may approve):

“This form is to be used in respect of the resolutions mentioned below as follows:

*Resolution No 1 *for *against*

*Resolution No 2 *for *against*
**Strike out whichever is not desired.*

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.”

6.9 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:

6.9.1 be deposited at the 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 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

6.9.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as mentioned above after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

6.9.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

6.10 A vote given or poll demanded by a proxy or by the duly authorised representative of a corporation or corporation sole 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 the Office or at such other place at which the instrument of proxy was duly deposited 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.

7 DIRECTORS - NUMBER OF DIRECTORS

The number of Directors shall not be less than 8 (or such lower number as the Members may from time to time approve by ordinary resolution) nor more than the aggregate of 18 (or such lower number as the Members may from time to time approve by ordinary resolution) and such number of Sector Directors as have been appointed in accordance with these Articles and remain in office from time to time.

8 ALTERNATE DIRECTORS

Any Director may appoint by written notice to the Chairman another person (including any other Director) to be his alternate Director. Any such alternate Director must be approved by the Chairman, such approval not to be unreasonably withheld.

9 POWERS OF DIRECTORS

9.1 Subject to the provisions of the Act, the Memorandum of Association of the Company and these Articles and to any directions given by special resolution of the Members, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company.

9.2 Subject to prior approval of the Members by ordinary resolution, the Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and to grant any mortgage, charge or other security over all or any part of its undertaking and property and to issue debentures, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

9.3 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they decide, including authority for the agent to delegate all or any of his powers.

10 DELEGATION OF DIRECTORS' POWERS

10.1 The Directors may delegate any of their powers and discretions to any committee and may also appoint (or, via the Nominations Committee Terms of Reference (as defined in Article 10.2), delegate authority to the Nominations Committee to appoint) persons to any such committee (whether or not such persons are Directors). Any such delegation may be made subject to any conditions or terms of reference the Directors may impose, and either collaterally with or to the exclusion of their own powers and discretions and may be revoked or altered.

10.2 The Directors will, through the Nominations Committee, establish a committee to be known as the "Sector Board Committee" for every sector that is covered by the activities of the Company, including:

10.2.1 Beef and Lamb

10.2.2 Combinable Crops and Sugar Beet

10.2.3 Dairy

10.2.4 Fresh Produce

10.2.5 Pigs

10.2.6 Poultry

Terms of reference approved and amended from time to time by the Board (the "Sector Board Committee Terms of Reference") shall set out the purpose, duties, composition and membership criteria of the Sector Board Committees, stipulate how often all such committees shall meet and otherwise regulate the proceedings of such committees and the extent of their delegated powers and discretions. Each Sector Board Committee is expected to establish a technical and advisory committee (referred to as "TAC") which shall act in accordance with terms of reference determined and varied from time to time by the Sector Board Committee.

10.3 The Directors will establish a committee to be known as the "Standards Committee", with representation from all of the Sector Board Committees and chaired by the Vice-Chairman, to deal with common or cross-sector issues.

10.4 The Directors will establish a committee to be known as the "Nominations Committee", with such delegated responsibilities relating principally to the nomination and appointment processes for the Directors (other than the Chairman) and members of the Sector Board Committees as the Board may determine from time to time. Terms of reference approved and amended from time to time by the Board (the "Nominations Committee Terms of Reference") shall set out the purpose, duties, composition and membership criteria of the Nominations Committee, stipulate how often the Nominations Committee shall meet and otherwise regulate the proceedings of the Nominations Committee and the extent of its delegated powers and discretions.

10.5 The Board may similarly produce terms of reference for any other committees it establishes, including a Remuneration Committee, a Marketing Committee and an Audit and Finance Committee to set out the purpose, duties, composition and membership criteria and otherwise regulate the proceedings of each such committee and the extent of its delegated powers and discretions.

10.6 Where, in relation to the day to day operations of the Sector Board Committee, the Directors do not approve of any proposal or course of action made or taken by a Sector Board Committee, the Directors shall give notice of their disapproval to the chairman of the relevant Sector Board Committee and the members of the Sector Board Committee and one or more of the Directors shall co-operate and discuss the matter in good faith with a view to resolving it. If the matter remains unresolved for a period of 30 days after the receipt by the Sector Board Committee of the relevant notice, then the Board may, or the chairman of the Sector Board Committee shall be entitled to require the Board to, convene a general meeting for resolution of the matter in dispute by the Members.

11 APPOINTMENT AND RETIREMENT OF CHAIRMAN

11.1 The Company shall by ordinary resolution (whether at a general meeting or by written resolution pursuant to Article 5.13) appoint a person to be Chairman provided that such person is willing to act as a Director.

11.2 Subject to Articles 11.4 and 15, the Chairman shall hold office until the third annual general meeting of the Company following that person's appointment pursuant to Article 11.1. If willing to act the Chairman may be re-appointed for a further 3 year term, provided that he shall not serve in that capacity for more than 2 terms of office. If he is not re-appointed he shall retain office until the meeting appoints someone in his place or, if earlier, until the end of the annual general meeting concerned.

11.3 Not less than 10 nor more than 28 clear days before the date appointed for holding a general meeting at which a resolution to appoint or re-appoint a person as Chairman is to be proposed, notice of the proposed appointment or re-appointment shall be given by the Company to all who are entitled to receive notice of the meeting. The notice or written resolution shall give the particulars of that person which would, if he were so appointed (or re-appointed), be required to be included in the Company's register of Directors.

11.4 If the Chairman vacates his office other than pursuant to Article 11.2, the Company shall by ordinary resolution (whether at a general meeting or by written resolution pursuant to Article 5.13) appoint another person as Chairman who shall hold office until the third annual general meeting of the Company following his appointment and one further 3 year term if he is re-appointed pursuant to Article 11.2.

12 APPOINTMENT AND RETIREMENT OF VICE-CHAIRMAN

12.1 The Company may by ordinary resolution (whether at a general meeting or by written resolution pursuant to Article 5.13) appoint a person as Vice-Chairman, provided that such person is willing to be a Director and has been nominated by the Nominations Committee in accordance with the Nominations Committee Terms of Reference. The Vice-Chairman shall be deemed to be an Independent Director for the purposes of these Articles.

12.2 The Vice-Chairman shall usually act as chairman of the Standards Committee and shall perform the duties of the Chairman in the absence of the Chairman at any general meeting or at any meeting of the Board.

12.3 Subject to Articles 12.5 and 15, the Vice-Chairman shall hold office until the third annual general meeting of the Company following his appointment pursuant to Article 12.1. If willing to act, a Vice-Chairman may at that annual general meeting be re-appointed for a further 3 year term. If (and only if) exceptional circumstances exist, he may be re-appointed in the same way for a third term, but otherwise he shall not serve in that capacity for more than 2 terms of office. If he is not re-appointed he shall retain office until the meeting appoints someone in his place or, if earlier, until the end of the annual general meeting concerned.

12.4 Not less than 10 nor more than 28 clear days before the date appointed for holding a general meeting at which a resolution to appoint or re-appoint a person as Vice-Chairman is to be proposed, notice of the proposed appointment or re-appointment shall be given by the Company to all who are entitled to receive notice of the meeting. The notice or written resolution shall give the particulars of that person which would, if he were so appointed (or re-appointed), be required to be included in the Company's register of Directors.

12.5 If a Vice-Chairman vacates his office other than pursuant to Article 12.4, the Company may by ordinary resolution (whether at a general meeting or by written resolution pursuant to Article 5.13) appoint another person as Vice-Chairman who shall hold office until the third annual general meeting following his appointment, and for any further term(s) for which he is re-appointed pursuant to Article 12.3.

13 APPOINTMENT AND RETIREMENT OF SECTOR DIRECTORS, INDUSTRY DIRECTORS AND INDEPENDENT DIRECTORS

13.1 **Classes of Director:**

13.1.1 **Sector Directors:** It is anticipated that a person shall be appointed as a Sector Director pursuant to Article 13.2 in respect of each sector that is covered by the activities of the Company, including those sectors listed in Article 10.2. Each such person shall, for so long as they remain a Director, act as chairman of the Sector Board Committee in respect of which they have been appointed.

13.1.2 **Industry Directors:** Up to eight (8) persons may be appointed pursuant to Article 13.2 as Industry Directors, provided that such persons shall be considered by the Members as:

13.1.2.1 together able to represent the interests of each of the following stakeholder groups: farming; the food levy bodies; food retail; food processing (meat); and food processing (poultry) or such other or additional stakeholder groups as the Board may from time to time stipulate in the Nominations Committee Terms of Reference; and

13.1.2.2 suitable persons to be appointed as Directors, having regard to the operations and corporate vision of the Company from time to time.

13.1.3 **Independent Directors:** The Vice-Chairman shall be deemed to be an Independent Director. In addition to the Vice-Chairman, up to a further seven (7) persons may be appointed pursuant to Article 13.2 as Independent Directors. At least one Independent Director must be considered able to represent the interests of consumers. Each Independent Director must:

13.1.3.1 be willing to act as a Director, have experience and expertise that is relevant to the activities of the Company;

13.1.3.2 (save for the Vice-Chairman) not be connected to any Member to such an extent that he cannot reasonably be expected to be able to exercise independent judgment; and

13.1.3.3 be a suitable person to be appointed as a Director, having regard to the operations and corporate vision of the Company from time to time.

13.2 The Nominations Committee shall, in accordance with the procedures set out in both the Nominations Committee Terms of Reference (and, in the case of Sector Directors, the Sector Board Committee Terms of Reference), identify and recommend to the Board persons for appointment (or re-appointment as appropriate) as Sector Directors, Industry Directors and Independent Directors. Subject, in the case only of any Sector Director, to the relevant Sector Board Committee approving the Nominations Committee's nominee, the Board will propose to the Ownership Body that the persons nominated by the Nominations Committee for appointment as Sector Director, Industry Director or Independent Director (as the case may be) be appointed by ordinary resolution of the Members, whether at a general meeting or by written resolution pursuant to Article 5.13.

13.3 Subject to Article 15, each Director appointed pursuant to Article 13.2 shall hold office until the third annual general meeting of the Company following his appointment (or, if that would result in the Director's initial term of office being for less than 2 years and 6 months, then he shall hold office until the fourth annual general meeting following his appointment), when he shall retire. If willing to act, a Director may at such annual general meeting be re-appointed as a Director of the same class for a further 3 year term. If (and only if) exceptional circumstances exist, a Director may be re-appointed in the same way for a third term, but otherwise no Director appointed under Article 13.2 shall serve in that capacity for more than 2 terms of office. If he is not re-appointed he shall retain office until the meeting appoints someone in his place or, if earlier, until the end of the meeting.

13.4 Not less than 10 nor more than 28 clear days before the date appointed for holding a general meeting at which a resolution to appoint a person as a Director is to be put, notice shall be given by the Company to all who are entitled to receive notice of the meeting of any person who has been proposed for appointment or re-appointment as a Director. The notice shall give the particulars of that person which would, if he were so appointed (or re-appointed), be required to be included in the Company's register of Directors.

13.5 If a Director appointed pursuant to Article 13.1 vacates his office other than pursuant to Article 13.2, the Board may appoint another person as a Director of the same class provided that such person shall have been proposed in accordance with, in the case of an Industry Director, Article 13.1.2 or, in the case of an Independent Director, Article 13.1.3. Subject to Article 13.6, such person shall hold office until the third annual general meeting following his appointment.

13.6 Any appointment by the Board of a Director pursuant to Article 13.5 shall be subject to the approval of the Company by ordinary resolution at the annual general meeting of the Company next following such appointment. If approval is not given:

13.6.1 the appointee concerned shall vacate his office upon the meeting appointing someone in his place or, if earlier, at the end of the meeting; and

13.6.2 subject to the other provisions of this Article 13, the Company may appoint another person as a Director who shall hold office until the third annual general meeting following his appointment.

13.7 Subject to the provisions of this Article 13, the Board may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by the Articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.

14 APPOINTMENT AND RETIREMENT OF CHIEF EXECUTIVE

14.1 The Board shall from time to time have the exclusive right to appoint a person to be a Director and act as managing director of the Company under the title of Chief Executive (provided that such person is willing to act as a Director and has been nominated by the Nominations Committee in accordance with the Nominations Committee Terms of Reference) and to remove any person so appointed. Any such appointment or removal shall be in writing and shall be lodged at the Office.

15 DISQUALIFICATION AND REMOVAL OF DIRECTORS

15.1 The office of a Director shall be vacated forthwith if:

15.1.1 he ceases to be or becomes prohibited from being a Director by virtue of any provision of the Act or these Articles or he becomes prohibited by law from being a Director; or

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

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

15.1.3.1 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

15.1.3.2 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; or

15.1.4 he resigns his office by notice to the Company; or

15.1.5 he is directly or indirectly interested in any contract with the Company and fails to declare the nature of his interest in the manner required by section 317 of the Act (Directors to disclose interest in contracts); or

15.1.6 without permission of the Directors, he shall for more than six consecutive months have failed to be present in person at meetings of Directors held during that period and the Directors resolve that his office be vacated; or

15.1.7 being an employee of the Company, his employment terminates; or

15.1.8 he is no longer considered to be a suitable person to be a Director, having regard to the operations and corporate vision of the Company, as shall be determined by a resolution of the Board passed by majority vote at a duly convened meeting (at which the Director concerned is not entitled to vote).

15.2 Without prejudice to the provisions of the Act or Article 15.1, the Company may, by ordinary resolution at a general meeting of the Members in respect of which special notice has been given in accordance with section 168 of the Act, remove any Director before the expiry of his period of office.

16 DIRECTORS' REMUNERATION AND EXPENSES

16.1 The Directors shall be entitled to such remuneration as the Company may by ordinary resolution decide and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day, payable either direct to that individual or to a nominated service Company.

16.2 The Directors may be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or otherwise in connection with the discharge of their duties.

17 DIRECTORS' APPOINTMENTS AND INTERESTS

17.1 Subject to the respective provisions of the Act and these Articles the Company may enter into an agreement or arrangement with any person for the provision by him of any services outside the scope of the ordinary duties of a Director. No such agreement or arrangement shall be terminable on more than 12 months' notice other than pursuant to an ordinary resolution of the Company and may be made upon such other terms as the Directors decide. Any appointment of a Director to an executive office shall terminate if he ceases to be a Director but without prejudice to any claim to damages for breach of the contract of service between the Director and the Company. The Chief Executive and a Director holding any other executive office shall not be subject to retirement by rotation.

17.2 Subject to the provisions of the Act, and provided that he has disclosed to the Directors pursuant to Article 17.3 the nature and extent of any interest of his, a Director notwithstanding his office:

17.2.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

17.2.2 may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

17.2.3 shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

17.3 For the purposes of Article 17.2:

17.3.1 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall only be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified if the Director concerned also specifically discloses the nature and extent of any interest of his to the Directors at each meeting of the Directors or a committee of Directors on each occasion that the interest concerned is to be discussed; and

17.3.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

17.4 The Secretary shall maintain a register of Directors' interests and shall enter in that register details of the nature and extent of any interest disclosed from time to time by any Director in accordance with this Article 17.

18 DIRECTORS' GRATUITIES AND PENSIONS

18.1 The Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

19 PROCEEDINGS OF DIRECTORS

19.1 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. All Directors shall be given written notice of each meeting of Directors not less than 10 clear days before the date fixed for that meeting unless shorter notice is agreed by not less than 75 percent of those entitled to attend and vote at such a meeting. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a casting vote. No business shall be transacted at a meeting of the Directors unless the nature of the business concerned has been described in reasonable detail in the written notice convening the relevant meeting.

19.2 The quorum for the transaction of any business of the Directors shall be one third of the Directors for the time being, including, at least 1 Industry Director (if any has been appointed) and at least 1 Independent Director (if any has been appointed) (not including in either case the person chairing the meeting or the Chief Executive). For the purpose of determining whether a quorum exists for the transaction of business at a meeting of the Directors:

19.2.1 in the case of a resolution of Directors who would (if attending a meeting) comprise a quorum and who are in telephonic communication with one another so that all persons participating in the meeting can hear each other, any such resolution shall be as valid and effectual as if passed at a meeting of the Directors duly convened and held; and

19.2.2 in the case of a meeting of Directors, in addition to the Directors present at the meeting, any Director in telephonic communication with such meeting so that all persons participating in the meeting can hear each other shall be counted in the quorum and entitled to vote.

19.3 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of filling vacancies or of calling a general meeting.

19.4 For so long as he shall be a Director, the person appointed as a Director pursuant to Article 11.1 shall act as the Chairman of the board of Directors.

19.5 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall (notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director 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 Director and had been entitled to vote.

19.6 A resolution in writing of all the Directors or all the members of a committee of Directors shall be as effectual as if it had been passed at a meeting of the Directors or (as the case may be) a committee of Directors duly convened and held either:

19.6.1 if it consists of an instrument signed by each such Director or committee member; or

19.6.2 if it consists of several instruments in the like form each either:

19.6.2.1 signed by one or more of such Directors or committee members and deposited or received at the Office or by the Secretary or by the chair of the relevant committee (as appropriate); or

19.6.2.2 signed by one or more of such Directors or committee members and which has then been scanned and sent by email to and received at the Office or by the Secretary or by the chair of the relevant committee (as appropriate).

For any such signed resolution to be effective, it shall not be necessary for it to be signed by a Director who is prohibited by these Articles or by law from voting on it.

19.7 Except as otherwise provided by these Articles and subject to Article 17.2, a Director shall not be present at (unless the Chairman present at the meeting concerned agrees to the contrary and then only subject to compliance with the other provisions of these Articles) a meeting of Directors or a committee of Directors at a time when any resolution is put to or voted on at such meeting when the resolution concerns a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company and nor shall such Director vote on such resolution in each case unless his interest or duty arises only because the case falls within one or more of the following paragraphs:

19.7.1 the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiaries;

19.7.2 the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

19.7.3 his interest arises by virtue of his subscribing or agreeing to subscribe for any debentures of the Company or any of its subsidiaries, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such debentures by the Company or any of its subsidiaries for subscription, purchase or exchange;

19.7.4 the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes;

19.7.5 the resolution relates to the purchase or maintenance for the benefit of any Director of insurance against liability.

For the purposes of this Article 19.7, an interest of a person who is, for any purpose of the Act (excluding any statutory modification of the Act not in force when these Articles become binding on the Company), connected with a Director shall be treated as an interest of the Director.

19.8 A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

19.9 If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the Chairman and his ruling in relation to any Director other than himself shall be final and conclusive.

20 SECRETARY

Subject to the provisions of the Act, the Secretary shall be appointed by the Directors 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.

21 MINUTES

The Directors shall cause minutes to be made in books kept for the purpose (whether in electronic or paper form):

21.1 of all appointments of officers made by the Directors; and

21.2 of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the persons present at each such meeting.

22 THE SEAL

22.1 The seal (if any) shall only be used by the authority of the Directors or of a committee of Directors authorised by the Directors. The Directors may decide who shall sign any instrument to which the seal is affixed and unless otherwise so decided it shall be signed by a Director and by the Secretary or by a second Director.

22.2 Where the Act permits, any instrument signed by a Director and by the Secretary or by a second Director and expressed to be executed by the Company shall have the same effect as if executed under the seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended to have effect as a deed without the authority of the Directors or of a committee of the Directors authorised by the Directors.

23 ACCOUNTS

23.1 The Directors shall cause accounting records to be kept in accordance with the provisions of the Act.

23.2 The accounting records shall be kept at the Office or, subject to the provisions of the Act, at such other place or places as the Directors think fit, and shall always be open to the inspection of the officers of the Company.

23.3 The Directors shall from time to time decide whether and to what extent and at which times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members and no Member shall have any right to inspect any account or book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting.

23.4 The Directors shall from time to time in accordance with the provisions of the Act, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those provisions.

23.5 A copy of every balance sheet (including every document required by law to be annexed to it) which is to be laid before the Company in general meeting, together with a copy of the auditor's report (if any), and Directors' report, shall not less than 21 days before the date of the meeting be sent to every Member and every person entitled to receive notice of general meetings of the Company.

24 NOTICES

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

24.2 Except where otherwise required by any provision of these Articles, any notice may be given to the Company either by delivering it by hand or by sending it by first class post in a prepaid envelope addressed to the Company at the Office or by leaving it at the Office.

24.3 The Company may give any notice to a Member either personally or by sending it by first class post in a prepaid envelope addressed to the Member at his address in the Company's register of Members (or to such other address, within or outside the United Kingdom, as he may supply to the Company for that purpose) or by leaving it at that address.

24.4 A Member present, either in person, by proxy or by a duly authorised representative, 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.

24.5 Proof that an envelope containing a notice was properly addressed, prepaid and posed shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

25 INDEMNITY

25.1 Subject to the provisions of and so far as may be consistent with the Act, but without prejudice to any indemnity to which a Director may be otherwise entitled, every Director, auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and / or discharge of his duties and / or the exercise of his powers and / or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the forgoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court. No Director, Secretary or other officer of the Company shall be liable for any costs, charges, losses, expenses and liabilities incurred by the Company pursuant to the proper execution of the duties of his office.

25.2 Without prejudice to any other provisions of these Articles and subject to the provisions of and so far as may be consistent with the Act, the Directors shall have the power to purchase and maintain insurance for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, or of any other Company in which the Company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other Company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other Company or subsidiary undertaking are interested, including (without limitation) insurance against any liability incurred by such persons in respect of any negligence, default, breach of duty or breach of trust in relation to the Company or any such other Company, subsidiary undertaking or pension funds. For the purposes of this Article 25.2 "subsidiary undertaking" shall have the same meaning as in the Companies Act 1989.

26 WINDING UP

Upon the winding up of the Company the provisions of clause 10 of the Memorandum of Association shall have effect as if those provisions were repeated in these Articles.