

BRITAIN'S ENERGY COAST – NEW DELIVERY ARRANGEMENTS

EXECUTIVE MEMBER: Councillor Elaine Woodburn
LEAD OFFICER: Julie Betteridge, Head of Regeneration and Community
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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

Britain's Energy Coast is delivering an economic development and regeneration programme that will support efforts to establish a prosperous West Cumbrian economy as set out in the Future Generation Community Strategy. This aims to enable increased economic opportunity and wealth for Copeland residents and businesses.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

(eg Key Decision, Policy recommendation for Full Council, at request of Council, etc.)

This report outlines proposals for new delivery arrangements for economic development and regeneration in West Cumbria. In effect the proposals will wind up one organisation and merge four existing organisations into an arrangement that is simpler and more efficient.

Britain's Energy Coast is striving to deliver the priorities set out in the West Cumbria Masterplan. This strategy is currently being updated to include a refreshed economic assessment and a spatial dimension linked into the development of the Local Development Framework. The actions outlined in the report can be delivered during the summer of 2011 subject to all partners agreement. All partners have already agreed in principle to the proposals.

RECOMMENDATIONS:

The Executive are recommended to:

- 1) Support the actions set out in section 2.3;**
- 2) Approve the proposed changes to the Memorandum and Articles of Association of Energy Coast West Cumbria Limited (appendix D) on behalf of the Council as a member of the company;**
- 3) Approve the Council's withdrawal of West Cumbria Development Agency to effect action 6 in section 2.3;**

- 4) **Appoint, for the municipal year 2011/12, Councillor Elaine Woodburn as the member to exercise the Council's vote as a member of the companies in support of the changes Executive approves; and**
- 5) **Delegates to the Corporate Director People and Places approval of any additional minor amendments to the Memorandum and Articles at Appendix D which arise prior to them being formally adopted.**

1. INTRODUCTION

- 1.1 The current company arrangements are set out in appendix A to this report. The West Cumbria Development Fund is a company limited by guarantee and comprises four members – British Nuclear Fuels Limited (BNFL), Cumbria County Council, Copeland Borough Council and Allerdale Borough Council. BNFL has three votes at general meetings and is entitled to nominate three representatives to the Board. The Local Authorities are entitled to one vote at general meetings and are entitled to each nominate one representative to the Board. The Board also comprises a number of independent directors originally nominated by the company members.
- 1.2 The structure of the West Cumbria Development Agency is exactly as above. It had been intended to amend the Memorandum and Articles of Association of both companies in light of the demise of BNFL. However, other priorities within the nuclear partners prevented this from happening and as such Sellafield Limited had in practice taken over the role of BNFL in the interim.
- 1.3 Westlakes Properties Limited is a wholly owned subsidiary of the West Cumbria Development Fund which is the sole shareholder. The Company has its own Board comprising a chair and up to six independent directors determined by the subscribers to the Memorandum of Understanding i.e the members of the West Cumbria Development Fund.
- 1.4 A major issue that has been considered in proposing the future organisation has been the management of properties owned by Westlakes Properties Limited at the Westlakes Science Park and the managed workspace facilities at Workington and Threlkeld owned by the West Cumbria Development Agency. The main considerations have been to ensure the property continues to support the economic development and regeneration objectives of the partners and to manage and mitigate any financial risks and liabilities to the partnership that might arise from property holdings.

2. PROPOSALS

- 2.1 This report outlines the steps required to move from the 'Former Regeneration Arrangements in West Cumbria' outlined in Appendix A, to the 'New Regeneration Arrangements in West Cumbria' outlined in Appendix B. Whilst on the face of it the steps and approvals required are complex, it reflects the unnecessarily complex structure that has evolved over time. The aim is to move to a simpler structure in a way that mitigates the financial risks that are largely property related, to the partners.
- 2.2 The approach to simplification and restructuring proposed has been based on independent legal advice and the recognised need for a tax efficient change management procedure to implement new arrangements for the ownership and management of property assets as described in 1.4 above. To this end the proposed and much simplified structure comprising a main Energy Coast West Cumbria Board and a Property Subsidiary Board is as set out in appendix B to this report.
- 2.3 In order to achieve this structure the following actions are needed in sequence:
- 1 West Cumbria Development Fund renamed as Energy Coast West Cumbria Limited. For legal reasons it has not been possible to register the company Britain's Energy Coast however it will trade under this name. In time and if the legal issues can be addressed the company name may be changed to Britain's Energy Coast.
 - 2 Appoint the independent board members belonging to the formerly unconstituted Britain's Energy Coast, who were selected through Nolan Principles, to the Energy Coast West Cumbria Limited board replacing the former independent West Cumbria Development Fund board members.
 - 3 Bring the Britain's Energy Coast ongoing activities within the legal entity Energy Coast West Cumbria Limited.
 - 4 Sellafield Limited to withdraw as a member of the Energy Coast West Cumbria Limited to be replaced by the Nuclear Decommissioning Authority.
 - 5 Revise Energy Coast West Cumbria Limited Memorandum and Articles of Association to be agreed by all members. A copy of the proposed Memorandum and Articles of Association is attached as Appendix D.
 - 6 West Cumbria Development Agency to become a subsidiary of Energy Coast West Cumbria Limited. Existing members of West Cumbria Development Agency

withdraw so that Energy Coast West Cumbria Limited is the sole member of West Cumbria Development Agency.

- 7 Energy Coast West Cumbria Limited revise the Memorandum and Articles of Association of the West Cumbria Development Agency.
 - 8 Transfer the West Cumbria Development Agency business support activities to Energy Coast West Cumbria Limited so that West Cumbria Development Agency remains as a property company alongside Westlakes Properties Limited.
 - 9 West Cumbria Development Agency and Westlakes Properties Limited consolidated as a single subsidiary of Energy Coast West Cumbria Limited overseen by a board comprising directors with appropriate skills and expertise in property management and development.
 - 10 Restructure the management and staffing arrangement. There are no Council employed staff affected by this restructure.
- 2.4 A number of actions, 1 to 3 above which could be determined by the West Cumbria Development Fund Board have already been implemented. The company West Cumbria Development Fund has now been renamed Energy Coast West Cumbria Ltd.
- 2.5 The resultant structure comprises Energy Coast West Cumbria Ltd with overall responsibility for the economic development and regeneration programme in West Cumbria together and a subsidiary property board reporting directly to the main board.
- 2.6 The Energy Coast West Cumbria Limited Board membership will now comprise of 12 directors:
- Nuclear Decommissioning Agency – 3 nominated directors (1 from Nuclear Decommissioning Authority, 1 from Nuclear Management Partners and 1 from Sellafield Limited)
- Cumbria County Council – 1 nominated director
- Copeland Borough Council – 1 nominated director (Cllr Elaine Woodburn)
- Allerdale Borough Council – 1 nominated director
- 6 Independent directors. Five selected through Nolan Principles. The Board Chair to be elected by members from the independent directors. One independent director appointed as the chair of the property subsidiary board.

- 2.7 The independent board members were selected, following an open and transparent process advertised in the media, by a panel comprising representatives from the Local Authorities and Northwest Regional Development Agency.
- 2.8 The property subsidiary board will comprise the Chair appointed by Energy Coast West Cumbria Limited together with not less than three and not more than five independent directors selected through Nolan principles.
- 2.9.1 The main source of funding for activities and projects delivered as part of Britain's Energy Coast will come from the Nuclear Partners. The Nuclear Decommissioning Authority is likely to contribute a minimum of £3.1 million each year. The Nuclear Management Partners has committed to £4 million per year in each of 5 years. Sellafield Limited will continue to provide £3.1 million over the same period. There should therefore be a minimum of £10 million per year available to support the regeneration programme. This will be enhanced through bids to the Government's Regional Growth Fund, the European Regional Development Fund and other programmes as appropriate.
- 2.10 The organisational structure for the new arrangements is set out in appendix C to this report. The County Council and the Borough Councils will be represented on the Operational Executive as well as at main board level. Each Local Authority will take responsibility for project delivery as appropriate. The County Council's Regeneration Support Team will also support the new organisation by providing project appraisal, project monitoring and claims management services. The costs of these services will be fully reimbursed.
- 2.11 The Council will not be the accountable body for any of the funds described in paragraph 2.9 above. Where the Council is the applicant for funds to support projects for which it is the client then it will be subject to the terms and conditions attached to the grant.

3. ALTERNATIVE OPTIONS TO BE CONSIDERED

- 3.1 Two options have been identified.
- 3.2 The first would be to do nothing and maintain the structure outlined in appendix A. This would result in the continuation of a complex and resource intensive structure comprising four separate organisations with their associated boards with little opportunity to introduce efficiencies.
- 3.3 The second and preferred option is to introduce the proposed revised structure outlined in this report. In terms of a comparison between the old and the proposed arrangements the following points can be made:

Former Arrangements (Appendix A)

3.3.1 The company articles and memorandum of association for the former West Cumbria Development Fund, now named Energy Coast West Cumbria Ltd, contain the following provisions:

- The income and property ... shall be applied solely towards the promotion of the objects of the Company..... no portion thereof shall be paid to Members by way of dividend or otherwise
- Every Member of the company undertakes to contribute £1 if the company is wound up and cannot pay its debts
- If on the winding up of the company, there remain assets after payment of all liabilities, those assets shall not be paid or distributed to the Members but shall be given or transferred to some other institutions having similar objects and which also prohibit distribution of assets to their Members.

New Arrangements (Appendix B)

3.3.2 The proposed sequence of events (see 2.3) is aimed at ensuring that there is no legal transfer of assets to the partners. All the non-property assets and liabilities of WCDA and WCDF will transfer to the new Energy Coast West Cumbria Ltd and the property assets and liabilities held within WCDA and Westlakes Properties Ltd (the wholly owned subsidiary of WCDF) will transfer to the Energy Coast West Cumbria Ltd wholly owned subsidiary property company.

3.3.3 The Energy Coast West Cumbria Ltd will be a company limited by guarantee and the Council will be a member (effectively shareholder) of the company having one out of six voting rights and thus effectively owning 17% of the company. The other shareholders are Allerdale Borough Council (1 vote), Cumbria County Council (1 vote) and Nuclear Decommissioning Authority (3 votes). The Council will not be required to make a financial contribution. The Council is not the accountable body for this company. The company articles and memorandum of association will contain the following provisions:

- The income and property ... shall be applied solely towards the promotion of the objects of the Company..... no portion thereof shall be paid to Members by way of dividend or otherwise
- Every Member of the company undertakes to contribute £1 if the company is wound up and cannot pay its debts

- If on the winding up of the company, there remain assets after payment of all liabilities, those assets shall not be paid or distributed to the Members but shall be given or transferred to some other institutions having similar objects and which also prohibit distribution of assets to their Members.

3.3.4 The new arrangements do not present any additional resource implications for the Council. There are efficiencies to be gained from within the existing companies from a simpler structure. Providing the sequence of events outlined in section 2.3 is followed then the financial risks should be mitigated as per the legal advice.

4. CONCLUSIONS

4.1 The actions outlined follow independent legal advice and recognise the need for a tax efficient change management procedure. The final structure ensures that property continues to support the economic development and regeneration objectives of the partners and manages and mitigates any potential financial risks and liabilities to the partnership that might arise from property holdings.

4.2 Public Sector partners in Britain's Energy Coast have for some time called for a reduction in the number of organisations involved in regeneration, particularly in West Cumbria. This report outlines proposals which will result in a single board arrangement overseeing a major economic development and regeneration programme and a property subsidiary owning the Westlakes Science Park and managed workspace facilities at Workington and Threlkeld.

5. STATUTORY OFFICER COMMENTS

5.1.1 The Monitoring Officer's comments are:

The Council is a member of West Cumbria Development Fund Ltd which has been renamed Energy Coast West Cumbria Limited.

Certain decisions about the operation and management of the company can be taken by its directors and do not require specific Executive approval. However, a decision to change the memorandum and articles of a company requires the approval of the members of the company and it is an Executive function to consider such proposals on behalf of the Council.

5.2 The Section 151 Officer's comments are: The Council needs to ensure that any risks and liabilities, that are attributable to the Council, are mitigated to an acceptable level.

5.3 Other consultee comments, if any: Cumbria County Council and Allerdale Borough Council are both taking similar reports for consideration and decision in support of the proposed revisions to the operational structure of Britain's Energy Coast..

5.4 EIA Comments

Restructuring of the companies will not have any direct EIA implications. Indirectly the restructuring will support a more focused delivery of the Energy Coast Masterplan and specific projects which do impact on residents.

6. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

6.1 The following risks have been considered and mitigation measure introduced:

Risk	Mitigation
Risk of continuation of confused and complex arrangements for regeneration in West Cumbria by doing nothing	The revised structure outlined in this report will reduce complexity and confusion and increase efficiency.
Risk of capital gains tax liability due to transfer of property holdings	This risk has been mitigated through the adoption of the sequence of actions set out in paragraph 2.3 above. This approach is based on independent legal advice.
Risk of liabilities accruing to the members of Energy Coast West Cumbria Ltd	Company members' liability is limited to £1 in the companies' articles of association
Risk of potential liabilities associated with property ownership accruing to Energy Coast West Cumbria Limited	A single subsidiary property company will be maintained in the new structure

6.2 Energy Coast West Cumbria Ltd has a governance, stakeholder and finance sub group leading on the issues outlined in this report. This sub group works closely with the Operational Executive to implement policy and actions.

7. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 7.1 A streamlined governance structure for Britain's Energy Coast offering efficiencies.
- 7.2 More focused delivery of the Energy Coast Masterplan and projects impacting on Copeland residents, businesses and stakeholders.

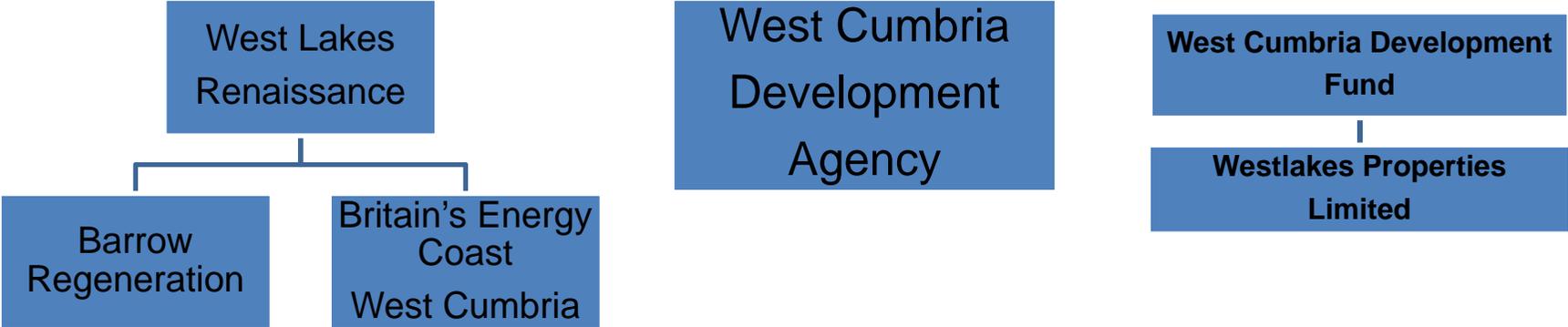
List of Appendices

- Appendix A - Former Regeneration Arrangements in West Cumbria
- Appendix B - New Regeneration Arrangements in West Cumbria
- Appendix C - Structure – Britain's Energy Coast
- Appendix D- Proposed memorandum and articles

List of Background Documents:

- Britain's Energy Coast Board papers
- Governance documents

FORMER REGENERATION ARRANGEMENTS IN WEST CUMBRIA



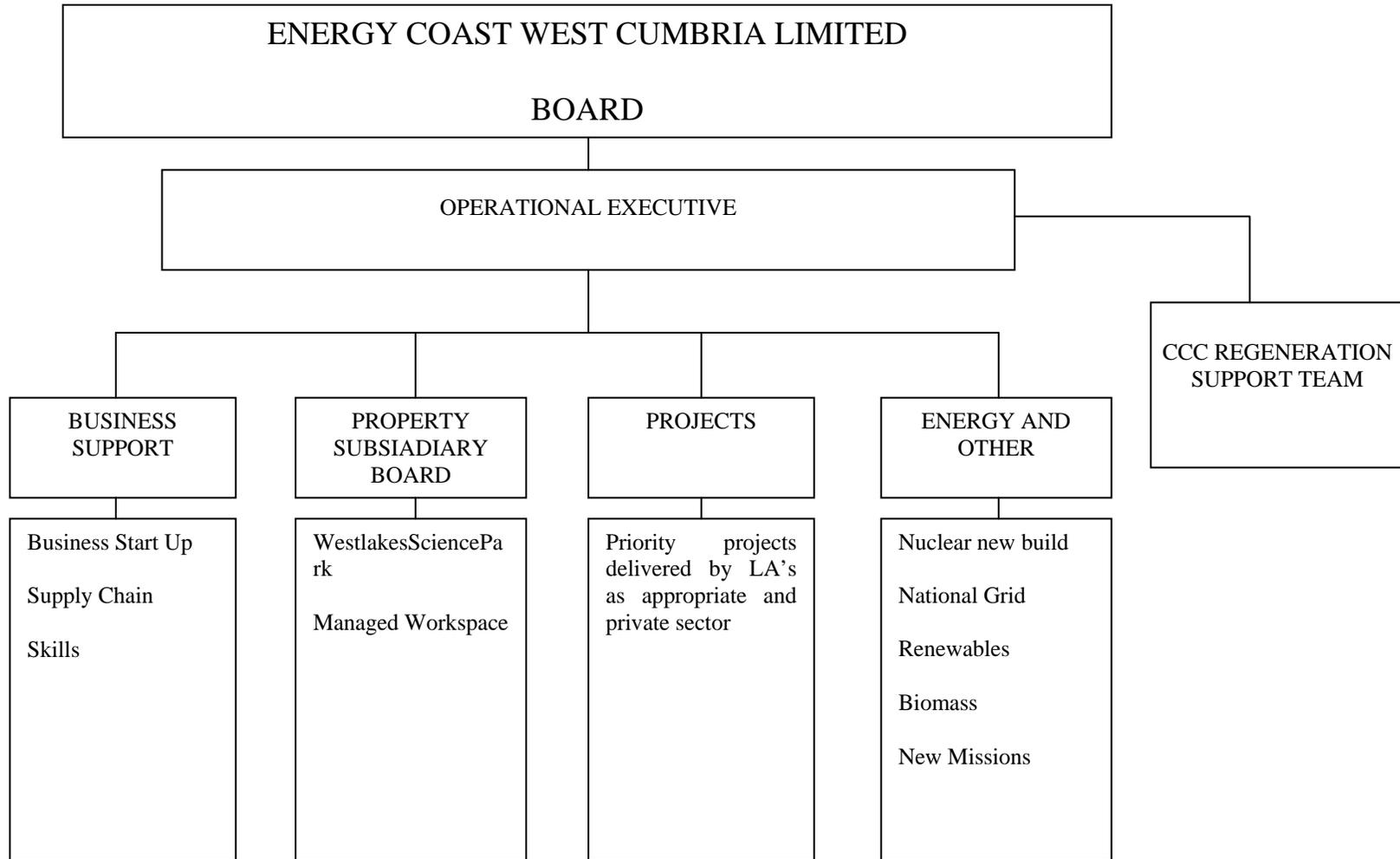
Five Boards managing Economic Development & Regeneration services in West Cumbria

NEW REGENERATION ARRANGEMENTS IN WEST CUMBRIA



The Energy Coast West Cumbria Limited Board will have overall responsibility for the Economic Development & Regeneration programme in West Cumbria. A subsidiary property company will be maintained and will report directly to the main board.

STRUCTURE BRITAIN'S ENERGYCOAST



Company No: 2234442

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

**MEMORANDUM AND ARTICLES OF ASSOCIATION
OF
ENERGY COAST WEST CUMBRIA LIMITED**

Incorporated on 23 March 1988

**Name changed from West Cumbria Development Fund Limited
on 4 May 2011 following a special resolution dated 21 April 2011**

New Articles of Association adopted by special resolution dated [...] June 2011

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

MEMORANDUM OF ASSOCIATION
OF
ENERGY COAST WEST CUMBRIA LIMITED

Incorporated on 23 March 1988

We, the persons whose names and addresses are written below, wish to be formed into a company under this Memorandum of Association.

Name and address of Subscriber	Signatory's Signature Name and Occupation	Witness Signature Name address & Occupation
BRITISH NUCLEAR FUELS PLC Risley Warrington Cheshire WA3 6AS	H E Bolter (Director)	C J Ultley (Secretary)
COPELAND BOROUGH COUNCIL Catherine Street Whitehaven Cumbria CA28 7NY	P N Denson (Chief Executive)	C J Ultley (Secretary)

All dated 5 February 1988

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

ARTICLES OF ASSOCIATION
OF
ENERGY COAST WEST CUMBRIA LIMITED

COMPANY NAME

- 1 The Company's name is ENERGY COAST WEST CUMBRIA LIMITED.

INTERPRETATION

- 2 In these Articles:

- 2.1 Unless the context requires otherwise:-

the Articles means these Articles of Association of the Company

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales and Northern Ireland which have an effect similar to that of bankruptcy

Companies Act 2006 means the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force

Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company

the Company means the company intended to be regulated by these Articles being Energy Coast West Cumbria Limited (CRN: 2234442) formerly called West Cumbria Development Fund Limited

clear days in relation to the period of a notice means the 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

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

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

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

executed includes any mode of execution

Independent Director means a Director who is an individual, who is of high professional or local standing, and who is not permanently employed by or otherwise connected with any of the

Nuclear Decommissioning Authority, Allerdale Borough Council, Copeland Borough Council or Cumbria County Council

Member has the meaning given in section 112 of the Companies Act 2006

Members' Majority means a majority in number of the Members disregarding for these purposes any Member who has given notice of withdrawal from Membership (or who has received notice to withdraw from Membership)

the NDA means the Nuclear Decommissioning Authority

office means the registered office of the Company

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

the seal means the common Seal of the Company if it has one

Secretary means 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

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

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

the United Kingdom means Great Britain and Northern Ireland

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

2.2 Words importing the masculine gender only shall include the feminine and neuter gender.

2.3 Subject as aforesaid, words or expressions contained in these Articles shall unless the context requires otherwise bear the same meaning as in the Companies Act 2006.

OBJECTS

3 For the purpose of these Articles, West Cumbria shall be defined as the geographic area embraced by Copeland Borough Council and Allerdale District Council.

4 The principal and immediate objectives for which the Company is established are set out in Schedule A as follows:

Schedule A: Principal Objectives

4.1 To manage and control the use of financial resources, provided by the subscribers or from other sources, to assist in balanced economic and human resource development in West Cumbria with particular reference to employment promotion activities including new enterprise development.

4.2 To ensure that these financial resources are invested in sound economic and commercial ventures or for similar employment creation projects or for related feasibility studies and other activities thought necessary to achieve this objective, and for the subsequent discharging of the Company's duties and objectives which are similarly related to economic and human resource development and employment promotion activities of benefit to West Cumbria.

- 4.3 To establish a close working relationship with other organisations interested in the development of West Cumbria so as to ensure that common and mutual aims and objectives are met.
- 4.4 Specifically to ensure that available financial resources are directed, through investment in special projects, studies or other activities, so as to achieve a balanced development of the economy and human resources of West Cumbria having regard to any geographical imbalance within West Cumbria in employment or external assistance both current and future projected.
- 4.5 To undertake, in association with such other organisations as are deemed to be appropriate, studies required to identify and evaluate viable means of establishing new or expanded business activity in West Cumbria and where appropriate to provide resources to support the implementation of such activities.

EXERCISE OF POWERS

- 5 The Company is empowered and will be expected to achieve these objectives by undertaking any or all of the activities set out under Schedule B below:

Schedule B: Activities

- 5.1 To take and hold funds made available by the subscribers or from other sources and to use these in furtherance of the objectives as set out in Schedule A.
- 5.2 To invest and deal with monies of the Company not immediately required in such manner as may from time to time be determined to hold or otherwise deal with any investment made.
- 5.3 In furtherance of the Company's objectives, to lend and advance money or give credit on such terms as seems expedient and with or without security to customers and others; to enter into guarantees contracts of indemnity and suretyships of all kinds and to receive money on deposit or loan upon such terms as the Company may approve.
- 5.4 To establish, manage and operate venture capital funds to provide equity or loan finance to establish a new business or enterprise or to expand or otherwise develop existing business or enterprise in West Cumbria in such terms as the Company may approve; to monitor and support such investments and provide operational support and advice to businesses and enterprises to whom such funds have been made available.
- 5.5 To acquire and hold interests in other companies and collaborate and to enter into agreements with other public or private sector agencies, commercial or otherwise, which are considered to be of assistance in meeting any or all of the objectives as defined in Schedule A.
- 5.6 To act as agents or brokers and as trustees for any person, firm or company and to undertake and perform sub-contracts.
- 5.7 To remunerate any person, firm or company rendering services to the Company and to pay or make arrangements for providing such pensions, benefits and other matters (whether to or for the benefit of present or past Directors or employees of the Company, or any company associated with the Company or persons who are or were related to or dependents of such Directors or employees) as may seem directly or indirectly to advance the interests of the Company.

- 5.8 To pay all or any expenses incurred in connection with the promotion formation and incorporation of the Company and the ongoing conduct of its activities.
 - 5.9 To purchase take on lease or in exchange hire or otherwise acquire any real or personal property and any rights or privileges which the Company may think necessary or convenient for the purpose of attaining any or all of the objectives of the Company.
 - 5.10 To sell, improve, manage, develop, lease mortgage, dispose of or otherwise deal with all or any part of the property of the Company for the purpose of attaining any or all of the objectives of the Company.
 - 5.11 To integrate, collaborate or enter into partnership ventures with other funding agencies, commercial or otherwise, in such manner as the Company may judge to be likely to enhance the availability and magnitude of the total financial resources available to further its objective of enhancing economic development and employment creation in West Cumbria.
 - 5.12 To promote and assist the setting up of partnership ventures for the provision of private sector finance to business ventures in West Cumbria through the Government sponsored Business Expansion Scheme or through other appropriate mechanisms.
 - 5.13 To do all such other lawful things as may be considered to further the interests of the Company or are incidental or conducive to the attainment of any or all the Company's objectives.
- 6 In undertaking the aforementioned activities in pursuit of its principal objectives to promote balanced economic development and employment opportunity in West Cumbria, the Company will not be constrained solely to support projects or other activities which are themselves located within West Cumbria. So long as justification for support of projects and other activities located outside West Cumbria can be demonstrated to be of benefit to West Cumbria.

INCOME AND PROPERTY

- 7 The income and property of the Company whencesoever derived, shall be applied solely towards the promotion of the objects of the Company as set forth in these Articles; and no portion thereof shall be paid or transferred directly or indirectly by way of dividend bonus or otherwise howsoever by way of profit to the Members and management of the Company or to any Member of the Company. Provided that nothing herein shall prevent the payment, in good faith, of reasonable and proper remuneration to any officer or servant of the Company or to any Member of the Company, in return for any services actually rendered to the Company.

LIABILITY OF MEMBERS

- 8 The liability of the Members is limited.
- 9 Every Member of the Company undertakes to contribute such amount as may be required (not exceeding £1) to the Company's assets if it should be wound up while he is a Member or within one year after he ceases to be a Member, for payment of the Company's debts and liabilities contracted before he ceases to be a Member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

RESIDUAL ASSETS

- 10 If upon the winding up or dissolution of the Company there remains after the satisfaction of all its debts and liabilities any property whatsoever the same shall not be paid to or distributed among the Members of the Company but shall be given or transferred to some other institution or

institutions having objects similar to the objects of the Company and which shall prohibit the distribution of its or their income and property amongst its or their Members to an extent at least as great as is imposed on the Company under or by virtue of clause 7 hereof, such institution or institutions to be determined by the Members of the Company, at or before the time of dissolution, or in default thereof by such Judge of the High Court of Justice as may have or acquired jurisdiction in the matter, and if and so far as effect cannot be given to the aforesaid provision then to some charitable object.

MEMBERS

- 11 The subscribers to the Memorandum of Association of the Company and such others as are admitted to Membership in accordance with the Articles shall be Members of the Company. No person shall be admitted a Member of the Company unless he is approved by a majority in number of the Directors, excluding Independent Directors. Every person who wishes to become a Member shall deliver to the Company an application for Membership in such form as the Directors require, executed by him and must provide a financial commitment which is considered significant by a majority in number of the Directors, excluding Independent Directors.
- 12 A Member may at any time withdraw from the Company by giving not less than three months notice to the Company or such shorter period as may be agreed in writing by a Members' Majority. Membership is not transferable.

GENERAL MEETINGS

- 13 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 14 The Directors may call general meetings and, on the requisition of Members pursuant to the provisions of the Companies Act 2006, shall forthwith proceed to convene a general meeting for a date not later than eight 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 of the Company may call a general meeting.

NOTICE OF GENERAL MEETINGS

- 15 An annual general meeting and a general meeting called for the passing of a special resolution or an ordinary resolution appointing a person as a Director shall be called by at least twenty-one clear days' notice. All other general meetings 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:
- 15.1 in the case of an annual general meeting by all the Members entitled to attend and vote;
and
- 15.2 in the case of any other meeting by a majority in number of 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.

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.

- 16 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.

PROCEEDINGS AT GENERAL MEETINGS

- 17 No business shall be transacted at any meeting unless a quorum is present when the meeting proceeds to business. Four 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 shall constitute a quorum.
- 18 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 the same day in the next week at the same time and place as the Directors may determine.
- 19 For so long as the NDA is a Member of the Company it shall be entitled to appoint the Chairman of general meetings of the Members and such Chairman shall be one of its three appointed Directors. Such Chairman shall preside as Chairman of the meeting but if the Chairman is not 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.
- 20 A Director shall notwithstanding that he is not a Member, be entitled to attend and speak at any general meeting.
- 21 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 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. Otherwise it shall not be necessary to give any such notice.
- 22 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 Companies Act 2006, a poll may be demanded:-
- 22.1 by the Chairman; or
- 22.2 by at least two Members having the right to vote at the meeting; or
- 22.3 by a Member or Members representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting;
- and demand by a person as proxy or authorised representative shall be the same as a demand by the Member.
- 23 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.
- 24 The demand for a poll may be withdrawn before the poll is taken but only with the consent of the Chairman. The withdrawal of a demand for a poll shall not invalidate the result of a show of hands declared before the demand for the poll was made.
- 25 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 results of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.

- 26 In the case of an equality of votes whether on 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.
- 27 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time and place as the Chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent continuance of a meeting for the transaction of any business or other than the question on which the poll is 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.
- 28 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In other cases at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

VOTES OF MEMBERS

- 29 A resolution in writing executed by or on behalf of each Member who would have been entitled to vote upon it if had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more Members.
- 30 On a show of hands every Member present in person or by proxy and on a poll every Member present in person or by proxy shall have rights of voting as follows:
- For so long as the NDA is a Member of the Company, it shall have three votes, and each of the other Members shall have one vote.
- 31 A Member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.
- 32 No Member shall be entitled to vote at any general meeting unless all moneys then payable by him to the Company have been paid.
- 33 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.
- 34 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.
- 35 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 form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

Energy Coast West Cumbria Limited

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/general meeting of the company to be held on and at any adjournment thereof.

Signed on

36 Where it is desired to afford Members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

Energy Coast West Cumbria Limited 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/general meeting of the company to be held on and at any adjournment thereof.

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.

Signed on

37 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:

37.1 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

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

37.3 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.

38 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 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.

DIRECTORS

39 Unless and until otherwise decided in accordance with Article [48] the number of Directors shall not exceed twelve. Subject as set out below, the Independent Directors shall serve for a term of three years. The Directors and Independent Directors in office at the date of the adoption of these Articles are set out below, and set opposite each of them is the date on which his term of office shall end: _

Director's Name	Whether he is an Independent Director	Expiry of term of office
John Simon Clarke	Appointed by NDA	
Nigel Catterson	Independent	AGM December 2011
Cllr Catherine Anne Giel (to change to Cllr Elaine Woodburn)	Appointed by Copeland Borough Council	
Cllr Timothy Heslop	Appointed by Allerdale Borough Council	
Iain Alun Irving	Appointed by NDA	
Cllr Anthony Markley	Appointed by Cumbria County Council	
Gerard Mcgill	Appointed by NDA	
Anthony Hall Price	Independent	AGM December 2011
Brian Watson	Independent	AGM December 2012
Rt Hon Brian Wilson	Independent	AGM December 2012
Vacancy	Independent	AGM December 2013
Vacancy	Independent	AGM December 2013

40 The Directors shall have power at any time and from time to time to appoint any person willing to act as an addition to the existing Directors, but so that the number shall not at any time exceed the number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next following annual general meeting and will be eligible for re-appointment at that meeting or any subsequent time under these same conditions.

41 The board of Directors, which shall also constitute the board of management, shall, unless and until otherwise decided in accordance with Articles 45 to 47 (inclusive), comprise:

- three Directors appointed by the NDA
- one Director appointed by Allerdale Borough Council

- one Director appointed by Copeland Borough Council
- one Director appointed by Cumbria County Council
- six Independent Directors appointed by a majority in number of those Directors not being Independent Directors

42 The Chairman of the board of Directors shall be appointed by the Directors other than Independent Directors acting by a majority in number and Vice Chairman of the board of Directors shall be appointed by the Directors acting by a majority in number.

43 A retiring Director shall be eligible for re-appointment.

44 In respect of a Director appointed by any of Allerdale Borough Council, Copeland Borough Council and/or Cumbria County Council, such Director shall be automatically disqualified if such Director ceases to be a councillor in his appointing authority.

45 The Company may from time to time by special resolution increase the number of Directors and in such event shall specify by whom such additional directors are to be appointed.

POWER OF DIRECTORS

46 Subject to the provisions of the Companies Act 2006 and the Memorandum or Articles of Association and to any directions given by special resolution the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles of Association and no such direction shall invalidate any prior act of the Directors 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 Directors by the Articles and a meeting of Directors at which a quorum is present may exercise all the powers exercisable by the Directors.

47 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 determine, including authority for the agent to delegate all or any of his powers.

48 The Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any Managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors 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 Members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying.

APPOINTMENT AND RETIREMENT OF DIRECTORS

49 The office of a Director shall be vacated if:

49.1 he ceases to be a Director by virtue of any provision of the Companies Acts or he becomes prohibited by law from being a Director; or

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

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

- 49.3.1 he is admitted to hospital in pursuance of an application for admission from treatment under the Mental Health Act 1983, or in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - 49.3.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention for the appointment of a receiver, curator bonis or other person to exercise powers with respect to this property or affairs; or
 - 49.4 he resigns his office by notice to the Company; or
 - 49.5 he shall for more than six consecutive months have been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office is vacated; or
 - 49.6 the Member by whom he was appointed ceases to be a Member of the Company and/or withdraws its funding, unless agreed otherwise by all the Directors not being Independent Directors; or
 - 49.7 in the case of an Independent Director, Members representing not less than a three quarters majority in number (disregarding for these purposes any Member who has given notice of withdrawal from Membership or who has received notice to withdraw from Membership) give notice in writing to the Independent Director terminating his office as a Director with immediate effect or if later, the date specified in the notice.
- 50 No person may be appointed as a Director:-
- 50.1 unless he has attained the age of 18 years; or
 - 50.2 in circumstances such that (had he already been a Director) he would have been disqualified from acting under the provisions of the Articles.
- 51 Subject as aforesaid the Company may by ordinary resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.

DIRECTORS' FEES AND EXPENSES

- 52 The Directors may be paid reasonable fees 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, as may be agreed by a majority of the Directors other than Independent Directors.
- 53 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, as may be agreed by a majority of the Directors other than Independent Directors.

DIRECTORS' APPOINTMENTS

- 54 Subject to the provisions of the Companies Acts, the Directors may appoint one or more of their number to the office of Managing Director or to any other executive office under the Company and may enter into an agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, agreement or arrangement may be made upon such terms as the Directors determine and they may remunerate any such Director for his services as they think fit. Any appointment of a Director to an executive office shall terminate if he ceases to be a

Director but without prejudice to any claim for damages for breach of the contract of service between the Director and the Company. A Managing Director and a Director holding any other executive office shall not be subject to retirement under Article 39.

- 55 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.

PROCEEDINGS OF DIRECTORS

- 56 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. It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom. 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 second or casting vote.
- 57 The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be six, including three Directors other than Independent Directors.
- 58 A meeting of the Directors at which business is to be transacted may consist of a conference between Directors who are not all in one place, but of whom each is able (whether directly or by telephonic communication or by video conference, an internet video facility or similar electronic method allowing simultaneous visual and/or audio participation) to speak to each of the others and to be heard by each of the others simultaneously and the word "meeting" in these Articles shall be construed accordingly.
- 59 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number and, provided that they are unanimous if more than one, notwithstanding that the number of Directors is less than the number fixed as a quorum.
- 60 The Directors (other than the Independent Directors) may appoint a Director to be Chairman of the meetings and may at any time remove him from that office. Unless he is unwilling to do so the Director so appointed shall preside at every meeting of Directors at which he is present. But if there is no Director holding that office or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting the Directors present (other than the Independent Directors) may appoint a Director to be chairman of the meeting.
- 61 The Directors may appoint one of their number to be Vice-Chairman
- 62 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.
- 63 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held any may consist of several documents in the like form each signed by one or more Directors; but a resolution signed by an alternate Director need not also be signed by his appointer and, if it is

signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity.

- 64 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 of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.

SECRETARY

- 65 Subject to the provisions of the Companies Acts, 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.

MINUTES

- 66 The Directors shall keep minutes in books kept for the purpose:-
- 66.1 of all appointments of officers made by the Directors; and
- 66.2 of all proceedings at meetings of the Company and of the Directors and of committees of Directors including the names of the Directors present at each such meeting.

THE SEAL

- 67 The seal shall only be used by the authority of the Directors or of a committee of Directors authorised by the Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the secretary or by a second Director.

ACCOUNTS

- 68 Accounts shall be prepared in accordance with the provisions of the Companies Acts. No Member shall (as such have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the Directors or by ordinary resolution of the Company.

NOTICES

- 69 Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the Directors need not be in writing.
- 70 The Company may give any notice to a Member either personally or by sending it by post in a prepaid envelope addressed to the Member at his registered address or by leaving it at that address. A 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 him shall be entitled to have notices given to him at that address but otherwise no such Member shall be entitled to receive any notice from the Company.
- 71 A Member present in person at any meeting of the Company shall be deemed to have received notice of the meeting and (where necessary) 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. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

INDEMNITY

- 73 Subject to the provisions of the Companies Acts every trustee or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence default breach of duty or breach of trust in relation to the affairs of the Company.

CONFLICTS OF INTEREST

1 DIRECTOR'S INTERESTS

Conflicts of interest requiring board authorisation

- 1.1 The Directors may, subject to the quorum and voting requirements set out in this Article, authorise any matter which would otherwise involve a Director (a "**Relevant Director**") breaching his duty under the Companies Acts to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a "**Relevant Situation**").
- 1.2 A Director seeking authorisation in respect of a Relevant Situation must tell the Directors of the nature and extent of his interest in a Relevant Situation as soon as possible. The Director must give the Directors sufficient details of the relevant matter to enable them to decide how to address the Relevant Situation together with any additional information which they may request.
- 1.3 Any Director (including the Relevant Director) may propose that the Relevant Director be authorised in relation to any matter that is the subject of a Relevant Situation. Such proposal and any authority given by the Directors shall be effected in the same way that any other matter may be proposed to and resolved upon by the Directors under the provisions of these Articles except that:
- 1.3.1 the Relevant Director and any other Director with a similar interest shall not count in the quorum or vote on a resolution giving such authority; and
- 1.3.2 the Relevant Director and any other Director with a similar interest may, if the other Directors so decide, shall be excluded from any meeting of the board while the Relevant Situation is under consideration.
- 1.4 Where the Directors give authority in relation to a Relevant Situation:
- 1.4.1 they may impose (whether at the time of giving the authority or subsequently) or subsequently vary any terms, upon the Relevant Director which they think fit, including, but not limited to:
- (a) the exclusion of that Director from the receipt of information, or participation in discussion (whether at meetings of the directors or otherwise) related to the Relevant Situation;
 - (b) the extent to which the Relevant Director may vote (or be counted in any quorum at a meeting) in relation to any resolution relating to the Relevant Situation;
 - (c) the imposition of a specific duty of confidentiality for any confidential information of the Company relating to the Relevant Situation;

- 1.4.2 the Relevant Director must conduct himself in accordance with any terms imposed by the Directors in relation to the Relevant Situation;
 - 1.4.3 they may provide that where the Relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use the information in relation to the affairs of the Company, where to do so would amount to a breach of that confidence;
 - 1.4.4 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
 - 1.4.5 the Directors may revoke such authority at any time but this shall not affect anything done by the Relevant Director prior to such revocation in accordance with the terms of such authority.
- 1.5 Where the Relevant Situation arises because a Director is also, or is about to become, a director, officer or employee of another group company (other than auditor), then that Relevant Situation shall be deemed to have been authorised pursuant to section 175 of the Companies Act 2006, but for the avoidance of doubt the provisions of Articles 1.4.1 to 1.4.5 apply to such Relevant Situation.

Other conflicts of interest

- 1.6 When a Director knows that he is in any way, directly or indirectly, interested in a proposed contract with the Company or a contract which has been entered into by the Company, he must tell the other Directors of the nature and extent of that interest in accordance with the Companies Acts.
- 1.7 If the Director has disclosed the nature and extent of his interest to the other Directors in accordance with the Companies Acts, he may:
- 1.7.1 have any kind of interest in a contract with or involving the Company or another company in which the Company has an interest;
 - 1.7.2 be or become a Director or other officer of, or employed by or otherwise be interested in any holding company or subsidiary company of the Company or any other company in which the Company has an interest;
 - 1.7.3 hold any other office or place of profit with the Company (other than as auditor) in conjunction with his office of Director for such period and on such terms, including as to remuneration, as the Directors may decide;
 - 1.7.4 alone (or through some company or firm or other entity with which he is associated) do paid professional work (other than as auditor) for the Company or another company in which the Company has an interest on such terms as the Directors may decide; and
 - 1.7.5 be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other company.

Benefits

- 1.8 A Director does not have to hand over to the Company any benefit received or profit made as a result of anything authorised or allowed under this Article nor is any type of contract authorised or allowed under this Article liable to be avoided.

Quorum and voting requirements

- 1.9 A Director may not vote or be counted in the quorum on a resolution of the Directors concerning his own appointment to a position with the Company or any company in which the Company has an interest or the terms or the termination of the appointment.

- 1.10 Where the Directors are considering proposals about appointing two or more Directors to positions with the Company or any company in which the Company has an interest (or the terms or the termination of their appointments), these proposals shall be split up to deal with each Director separately. Where this is done, each Director can vote and be counted in the quorum for each resolution, except the one concerning him.
- 1.11 A Director may not vote or be counted in the quorum on a resolution of the Directors about a contract in which he has an interest which (together with any interest of any person connected with him within the meaning of section 252 of the Companies Act 2006) is to his knowledge a material interest and, if he does vote, his vote shall not be counted, but this restriction shall not apply to any resolution where that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or where that interest arises only because of one or more the following things, namely it is a resolution about or relating to:
- 1.11.1 giving him or any other person a guarantee, security or indemnity for any money lent, or obligation incurred, by him or that other person at the request of, or for the benefit of, the Company or any of its group undertakings;
 - 1.11.2 giving of a guarantee, security or indemnity to any other person for a debt or obligation which is owed by the Company or any of its group undertakings to that other person if he has taken responsibility for all or some of that debt or obligation by giving a guarantee, security or indemnity;
 - 1.11.3 any contract concerning any other company or entity in which he is interested directly or indirectly and whether as an officer or shareholder or employee or otherwise howsoever, provided that he is not to his knowledge the holder of or beneficially interested in one per cent or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or, except in relation to charitable companies, of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all the circumstances);
 - 1.11.4 any contract concerning any charitable company, charitable trust or other charity (whether incorporated or not) of which he may be a member, officer or trustee;
 - 1.11.5 a contract relating to an arrangement for the benefit of employees of the Company or any of its group undertakings which only gives him benefits which are also generally given to the employees to whom the arrangement relates;
 - 1.11.6 a contract relating to a pension, superannuation or similar scheme, or a retirement, death or disability benefits scheme or employees' share scheme, which gives him benefits which are also generally given to the employees to whom the scheme relates;
 - 1.11.7 a contract relating to any insurance which the Company can buy or renew for the benefit of Directors or of a group of people which includes them;
 - 1.11.8 giving him any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
 - 1.11.9 the Company funding his expenditure on defending proceedings or the Company doing something to enable him to avoid incurring such expenditure where all other Directors are being offered substantially the same arrangements.
- 1.12 Where a company or other entity in which a Director has an interest is interested in a contract, the Director will also be treated as being interested in that contract. Interests which are unknown to the Director and which it is unreasonable to expect him to know about are to be ignored. Interests of a person who is connected with a Director are added to his interests.
- 1.13 [In relation to an alternate Director, the interest of his appointor is treated as the interest of the alternate Director in addition to an interest which the alternate Director otherwise has.]
- 1.14 Subject to these Articles, the Directors are able to exercise, or arrange for the exercise of, the voting rights attached to any shares in another company held by the Company in any way that

they decide. This includes voting in favour of a resolution appointing any of them as directors or officers of that company and deciding their remuneration. Subject to these Articles, a Director may also vote and be counted in the quorum as a Director in connection with any of these things.

- 1.15 If a question comes up at a board meeting about whether a Director (other than the Chairman of the meeting) has an interest in a contract and whether it is likely to give rise to a conflict of interest or whether he can vote or be counted in the quorum and he does not agree to abstain from voting on the question or not be counted in the quorum, the question must be referred to the Chairman of the meeting. The Chairman of the meeting's ruling about the other Director is final unless the nature and extent of the Director's interest (so far as it is known to him) has not been fairly disclosed to the other Directors. If the question comes up about the Chairman of the meeting, the question must be referred to the Directors. The Chairman may not vote on the question but can be counted in the quorum. The Directors' resolution about the Chairman is final unless the nature and extent of the Chairman's interest (so far as it is known to him) has not been fairly disclosed to the other Directors.

General

- 1.16 The Members may by passing an ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any contract which has not been properly authorised in accordance with this Article.
- 1.17 References in this Article to:
- 1.17.1 a contract include references to an existing or proposed contract and to an existing or proposed transaction or arrangement whether or not it is a contract; and
 - 1.17.2 a conflict of interest include a conflict of interest and duty and a conflict of duties.