

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY GUARANTEE**

**ARTICLES OF ASSOCIATION**

**OF**

**NEXUS MUTUAL LIMITED**

**(Adopted on the initial deployment of the Mutual's Smart Contracts as described in the special resolution  
passed on 7-May-2019)**

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## 1. INTERPRETATION

1.1. In these Articles, unless the context otherwise requires:

<b>Act:</b>	means the Companies Act 2006;
<b>Application Technology</b>	includes, without limitation, decentralised applications utilising blockchain and blockchain-like cryptographic technology;
<b>Articles</b>	means the Mutual's articles of association for the time being in force;
<b>Business Day</b>	means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;
<b>clear days</b>	in relation to a period of notice means a period of days not including the day on which notice was given or deemed to be given and the day for which it is given or on which it is to take effect;
<b>Conflict</b>	means a situation in which a Director has or can have, a direct or indirect interest or duty that conflicts or possibly may conflict with the interests of the Mutual;
<b>Connected Person</b>	means any person falling within one of the following categories: <ul style="list-style-type: none"><li>(a) any spouse, civil partner, parent, child, brother, sister, grandparent or grandchild of a Director; or</li><li>(b) the spouse or civil partner of any person in (a); or</li><li>(c) any person who carries on business in partnership with a Director or with any person in (a) or (b); or</li><li>(d) an institution which is controlled by either a Director, any person in (a), (b) or (c), or a Director and any person in (a), (b) or (c), taken together;</li><li>(e) a corporate body in which a Director or any person in (a), (b) or (c) has a substantial interest, or two or more such persons, taken together, have a substantial interest.</li></ul>
<b>Contribution</b>	money or money's worth paid or payable to the Mutual by a Member in exchange for NXM Tokens;
<b>Cover</b>	the matters which are the subject of the discretionary cover provided by the Mutual in accordance with the Rules and by way of the Ethereum Network technologies;

<b>Covered Member</b>	a Member who has Cover and, where the context requires, a former Covered Member;
<b>Critical Decision</b>	a type of decision arising in the ordinary course of the Mutual's day to day business as defined in the Rules from time to time;
<b>Director</b>	means a director of the Mutual;
<b>document</b>	includes, unless otherwise specified, any document sent or supplied in electronic form;
<b>electronic form and electronic means</b>	have the meaning given to such terms in section 1168 of the Act;
<b>electronic meeting</b>	means a General Meeting hosted on an electronic platform whether that meeting is physically hosted at a specific location simultaneously or not;
<b>electronic platform</b>	means any form of electronic platform and includes, without limitation, website addresses, Application Technology and conference call systems;
<b>eligible director</b>	means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);
<b>Ether</b>	means the cryptocurrency native to the Ethereum Network;
<b>Ethereum Network</b>	means the smart contract protocol, virtual machine and decentralised consensus mechanism including all of its related components and protocol-related projects both present and future that is supported by the Ethereum Foundation based in Zug, Switzerland, which began operation (as a so-called "Genesis Block") on 30 July 2015 as amended from time to time;
<b>General Meeting</b>	means any general meeting of the Mutual;
<b>Managers</b>	means the Managers appointed under Article 31;
<b>Member</b>	means a person who is a subscriber to the Memorandum or who is admitted to membership in accordance with the Articles;
<b>Member's Representative</b>	is as defined in the Rules;
<b>Memorandum</b>	means the Mutual's memorandum of association;
<b>Model Articles</b>	means the model articles for private companies limited by guarantee contained in Schedule 2 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229);

<b>Mutual</b>	means Nexus Mutual Limited, company number 10917763;
<b>Mutual's Smart Contracts</b>	means the smart contracts running on the Ethereum Network that govern the operations of the Mutual and the Members' interactions with each other;
<b>NXM Tokens</b>	means the cryptographic tokens running on the Ethereum Network launched by the Mutual's Smart Contracts that Members purchase in exchange for Ether, or are allocated for participating in the Mutual's operations;
<b>Objects</b>	means the objects of the Mutual as stated in Article 2;
<b>ordinary resolution</b>	has the meaning given in section 282 of the Act;
<b>present</b>	means, for the purposes of a physical General Meeting, present in person or, for the purposes of an electronic meeting, present by means of an electronic platform;
<b>Proposal</b>	a type of proposal for the exercise of the powers of the Mutual under the control of the Members as defined in the Rules from time to time;
<b>Rules</b>	means the Rules made in accordance with Article 39 and any amendments to those Rules;
<b>smart contract</b>	means a computer protocol running on the Ethereum Network to digitally facilitate, verify or enforce the negotiation or performance of a contract, allowing the performance of credible transactions without third party involvement;
<b>special resolution</b>	has the meaning given in section 283 of the Act;
<b>Standard Decision</b>	a type of decision arising in the ordinary course of the Mutual's day to day business as defined in the Rules from time to time;
<b>United Kingdom</b>	means Great Britain and Northern Ireland; and
<b>writing</b>	means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2. Unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4. A reference in these Articles to an Article is a reference to the relevant Article of these Articles unless expressly provided otherwise.

- 1.5. Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
  - 1.5.1. any subordinate legislation from time to time made under it; and
  - 1.5.2. any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6. Any phrase introduced by the terms **including, include, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7. The Model Articles shall not apply to the Mutual.

## 2. OBJECTS

- 2.1. The Objects of the Mutual are restricted specifically to the following:
  - 2.1.1. to receive Contributions from Members and to establish a mutual fund for the payment of claims relating to certain liabilities, losses or expenses incurred by Covered Members on a discretionary basis in accordance with the Rules;
  - 2.1.2. to enter into or to arrange insurance contracts on behalf of any Covered Member or Covered Members or the Company as deemed necessary from time to time and to negotiate directly or indirectly with the insurance market to arrange cover for any risk on behalf of any Covered Member or Covered Members;
  - 2.1.3. to promote, encourage and facilitate membership of the Mutual for persons that support the Mutual's vision of using smart contracts on the Ethereum Network to provide a decentralised alternative to the traditional insurance industry for the purpose of its Members' risk management;
  - 2.1.4. to invest and deal with the moneys of the Mutual not immediately required for the purposes of its business in or upon such stocks, shares, bonds, debentures, derivatives, futures, options, swaps, or other securities or the purchase of such currencies, commodities or other real or personal property, or by means of being deposited in accounts and in such manner as may from time to time be determined;
  - 2.1.5. to borrow and raise money and to give any guarantee for payment of money or the performance of any contractual obligation or undertaking by any person, company or government body and to secure any such guarantee by mortgaging or charging any real or personal property or any other asset of the Mutual;
  - 2.1.6. to do anything that is required by, or is conducive or incidental to, the provision of Cover or entering into such arrangements.

## 3. POWERS

- 3.1. In pursuance of the Objects, but not further or otherwise, the Mutual has the power to:
  - 3.1.1. create smart contracts that will operate as the Mutual's Smart Contracts;
  - 3.1.2. set in place a means by which Members may utilise the Mutual's Smart Contracts;
  - 3.1.3. maintain, update, upgrade and otherwise modify the Mutual's Smart Contracts;
  - 3.1.4. terminate temporarily or permanently the means by which Members may access and use the Mutual's Smart Contracts;
  - 3.1.5. appoint and delegate the management of any or all aspects of the business of the Mutual to a community interest company, but only on terms that require the Managers to:
    - 3.1.5.1. exercise the powers delegated to them to further the Mutual's Objects;
    - 3.1.5.2. exercise the powers delegated to them in accordance with the procedures that govern the exercise of the powers of the Mutual by the Board under these Articles; and
    - 3.1.5.3. not do on behalf of the Mutual anything that is outside the powers of the Mutual;
  - 3.1.6. trade in the course of carrying out the Objects;
  - 3.1.7. establish or purchase companies to carry on any trade;
  - 3.1.8. sell, lease or otherwise dispose of all or any part of the Mutual's real or personal property and any and all rights of the Mutual, subject to such consents as may be required by law;
  - 3.1.9. borrow or raise money and to give security for money borrowed or grants or other obligations by mortgage, charge, lien or other security on the Mutual's property and assets, subject to such consents as may be required by law;
  - 3.1.10. lend and give credit to, take security for such loans or credit and enter into guarantees or give security for the performance of contracts by any person or company;
  - 3.1.11. buy, lease, hire or otherwise acquire and deal with any real or personal property and any rights or privileges of any kind over or in respect of any real or personal property and maintain, alter, improve, manage, develop, construct, repair or equip it for use;
  - 3.1.12. set aside funds as reserves against future claims and expenditure or for particular purposes as may be approved by the Members;
  - 3.1.13. deposit or invest funds with all the powers of a beneficial owner;
  - 3.1.14. co-operate with other bodies and exchange information and advice with them;
  - 3.1.15. establish or support or aid in the establishment and support of any organisation formed for objects similar to any or all of the Objects;



- 3.1.16. enter into partnership or other arrangement with any other body with objects similar to any or all of the Objects;
  - 3.1.17. acquire, amalgamate or merge with, or undertake all or any of the property, liabilities and engagements of any body with objects similar to any or all of the Objects;
  - 3.1.18. enter into contracts to provide services to or on behalf of other bodies;
  - 3.1.19. provide or procure the provision of advice;
  - 3.1.20. publish and distribute books, pamphlets, reports, leaflets, journals, films, tapes, instructional matter and any other form of information in or on any media;
  - 3.1.21. promote, undertake and commission research, surveys, studies or other work and to disseminate the useful results;
  - 3.1.22. take out or arrange such insurance policies as are necessary to protect the Mutual or the Members;
  - 3.1.23. arrange indemnity insurance for the Directors or any other officer of the Mutual;
  - 3.1.24. open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
  - 3.1.25. alone or with other organisations, seek to influence public opinion and make representations to and seek to influence governmental and other bodies and institutions regarding the reform, development and implementation of appropriate policies, legislation and regulations, provided that all such activities are confined to those permitted by law;
  - 3.1.26. organise and assist in the provision of conferences, courses of instruction, exhibitions, lectures and other educational activities;
  - 3.1.27. pay out of the funds of the Mutual the costs incurred in connection with the formation and registration of the Mutual as a company; and
  - 3.1.28. do anything lawful which is calculated to further the Objects or is conducive or incidental to doing so.
- 3.2. The powers conferred on the Mutual by Article 3.1 shall be restricted by reference to or inference from the terms of the Objects.

#### **4. WINDING UP**

- 4.1. In the event of the winding up of the Mutual, after its liabilities have been satisfied, any funds in excess of the total of all Contributions ever made shall be donated to a charity chosen by the Members and the remaining assets of the Mutual as valued at the time of distribution shall be distributed by reference to the Liquidation Proportion of each eligible Member, calculated as follows:

- 4.1.1. The Liquidation Proportion of each eligible Member shall, subject to Article 4.1.2, be a fraction (a) the numerator of which is the number of NXM Tokens held by the eligible Member at date the winding up order is made ("the Relevant Date") plus one and (b) the denominator of which is the total number of all NXM Tokens outstanding at the Relevant Date plus the number of Members at the Relevant Date subject to the adjustment for leaving Members described in Article 4.1.3;
- 4.1.2. any Member who contributed to the Mutual's funds in the five years preceding the Relevant Date and who does not own any NXM Tokens at the Relevant Date will be treated as having a numerator of one for the purposes of determining their Liquidation Proportion
- 4.1.3. The total number of Members falling in to category defined at Article 4.1.2 will be the adjustment for leaving Members used in the denominator in Article 4.1.1.
- 4.2. A Member shall be an eligible Member and entitled to participate in a distribution to be made pursuant to this Article if they were a Member at the Relevant Date or at any time in the five years preceding the Relevant Date.

## **5. LIABILITY OF MEMBERS**

- 5.1. The liability of each Member is limited to £1.00, being the amount that each Member undertakes to contribute to the assets of the Mutual in the event of its being wound up while they are a Member or within one year after they cease to be a Member, for:
  - 5.1.1. payment of the Mutual's debts and liabilities contracted before they cease to be a Member;
  - 5.1.2. payment of the costs, charges and expenses of the winding up; and
  - 5.1.3. adjustment of the rights of the contributories among themselves.

## **6. MEMBERS**

- 6.1. The Board shall set out in writing and publish the criteria excluding an applicant from Membership of the Mutual (the "exclusions");
- 6.2. The Board may amend the exclusions at its discretion.
- 6.3. Without prejudice to the exclusions, the Mutual may set out and publish any criteria for acceptance or refusal of an application for Membership.
- 6.4. The Mutual shall admit to membership an individual who or an organisation which:
  - 6.4.1. is not excluded from Membership;
  - 6.4.2. otherwise satisfies any criteria and conditions for membership set out under these Articles or the Rules;

6.4.3. applies to the Mutual in accordance with procedures set out in the Rules; and

6.4.4. is approved by the Directors.

6.5. The decision to accept or decline an application is at the Mutual's absolute discretion. No reason needs to be given for its decision.

6.6. Membership is not transferable.

6.7. The Directors may establish different classes of membership and set out the criteria and different rights and obligations for each class, with such rights and obligations recorded in the register of Members, but shall not be obliged to accept any person fulfilling those criteria as a Member.

## **7. TERMINATION OF MEMBERSHIP**

7.1. A Member may withdraw from membership in accordance with the Rules.

7.2. A Member's membership may be terminated in accordance with the Rules.

## **8. NOTICE OF GENERAL MEETINGS**

8.1. General Meetings will be called in accordance with this Article 8 and otherwise in accordance with the Act.

8.2. The Directors shall determine and the notice of a General Meeting shall specify whether the meeting will be a physical meeting and/or an electronic meeting. Such notice shall specify the date, time and place and/or electronic platform(s) of the meeting.

8.3. The notice shall be given to:

8.3.1. each Member;

8.3.2. each Director;

8.3.3. the Managers; and

8.3.4. the auditor for the time being of the Mutual.

8.4. Proceedings at a General Meeting shall not be invalidated because a person entitled to receive notice of the meeting did not receive it because of an accidental omission by the Mutual.

## **9. POSTPONEMENT OF GENERAL MEETINGS**

9.1. Subject to the Act, if the Directors decide that it is impractical or unreasonable for any reason to hold a General Meeting at the time, date or place and/or on the electronic platform(s) set out in the notice calling the meeting, they can change the time, date or place and/or electronic platform(s) or postpone the meeting (or both). Subject to the Act, if the Directors do this, an announcement of the time, date or place and/or electronic platform(s) of the re-arranged meeting will, if practicable, be

posted on the Mutual's website. The Directors must take reasonable steps to ensure that any Member trying to attend the meeting at the original time, date, place and/or electronic platform is informed of the new arrangements. The Directors can change the place and/or electronic platform(s) or postpone (or both) the re-arranged meeting under this Article 9.1.

## **10. ELECTRONIC MEETINGS**

10.1. The Directors may decide to enable persons entitled to attend an electronic meeting to do so by simultaneous attendance by electronic means with no person necessarily in physical attendance at the meeting. Members or their proxies present shall be counted in the quorum for, and entitled to vote at, the General Meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chair of the meeting is satisfied that adequate facilities are available throughout the electronic meeting to ensure that Members or their proxies attending the electronic meeting who are not present together at the same place may:

10.1.1. participate in the business for which the meeting has been convened;

10.1.2. receive communications from all persons who communicate to the meeting; and

10.1.3. be heard by all other persons present at the meeting.

10.2. If it appears to the chairman of the General Meeting that the electronic platform(s), facilities or security at the electronic meeting have become inadequate for the purposes referred to in Article 10.1, then the chair of the meeting may, without the consent of the meeting, interrupt or adjourn the meeting. All business conducted at that meeting up to the time of that adjournment shall be valid and the provisions of Articles 11.5 to 11.7 shall apply to that adjournment.

## **11. PROCEEDINGS AT GENERAL MEETINGS**

11.1. Every General Meeting shall have a chair.

11.1.1. The chair of the Directors shall chair the meeting. In his absence, a Director elected by the Directors present and willing to act shall chair the meeting.

11.1.2. If there is only one Director present and willing to act, that Director shall chair the meeting.

11.1.3. If no Director is present and willing to chair the meeting within 15 minutes of the time appointed for the meeting, the Members present shall choose one of their number to chair the meeting.

11.2. No business shall be transacted at any General Meeting unless a quorum is present.

11.3. A quorum is:

11.3.1. Five Members who are present in person or by proxy or through their duly authorised representatives and who are entitled to vote on the business to be conducted at the meeting;  
or

11.3.2. one-fifth of the total membership at the time;

whichever is the greater.

11.4. If within 30 minutes from the time appointed for the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting shall be adjourned until such other date, time and place and/or electronic platform(s) as the Directors shall determine. If at the adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting, those Members present in person or by proxy and entitled to vote shall be a quorum.

11.5. The chair of a General Meeting may adjourn such a meeting when a quorum is present, if the meeting consents to an adjournment, and shall adjourn such a meeting if directed to do so by the meeting. The chair shall specify either that the meeting:

11.5.1. is to be adjourned to a particular date, time and place and/or electronic platform(s); or

11.5.2. shall be adjourned to a date, time and place and/or electronic platform(s) to be appointed by the Directors

and shall have regard to any directions as to date, time and place and/or electronic platform(s) which have been given by the meeting.

11.6. If the meeting is adjourned until more than 30 days after the date on which it was adjourned, the Mutual shall give at least seven clear days' notice of it to the same persons to whom notice of General Meetings is required to be given and contain the same information which such notice is required to contain.

11.7. No business may be transacted at an adjourned General Meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## **12. VOTING RIGHTS**

12.1. Subject to Article 12.2, a Member shall be entitled to cast:

12.1.1. in respect of an ordinary resolution, such number of votes as that Member is entitled to cast in respect of a Standard Decision under the Rules; or

12.1.2. in respect of a special resolution, such number of votes as that Member is entitled to cast in respect of a Critical Decision under the Rules.

12.2. In the event that the Rules do not provide a voting entitlement for Members on a Standard Decision or a Critical Decision, each Member shall have a voting entitlement on a resolution equal to one (1) plus:

12.2.1. on a special resolution, the number of NXM Tokens the Member holds at the time of voting on the resolution; or

- 12.2.2. on an ordinary resolution, the number of NXM Tokens the Member holds at the time of voting on the resolution subject to a maximum voting entitlement of 5% of the total number of NXM Tokens in existence at the time of voting on the resolution.

### 13. VOTING AT GENERAL MEETINGS

- 13.1. A resolution put to the vote of a General Meeting shall be decided on a poll.
- 13.2. The poll shall be conducted in such manner specified in the notice calling the General Meeting.

### 14. PROXIES

- 14.1. A Member is entitled to appoint another person as a proxy to exercise all or any of the Member's rights to attend and to communicate to and vote at a meeting of the Mutual.
- 14.2. Proxies may only be validly appointed by a notice in writing (a **proxy notice**) which:
  - 14.2.1. clearly identifies the Member appointing the proxy;
  - 14.2.2. identifies the person appointed to be that Member's proxy and the General Meeting in relation to which that person is appointed;
  - 14.2.3. is signed by or on behalf of the Member appointing the proxy, or is authenticated in such manner as the Mutual may determine; and
  - 14.2.4. is delivered to the Mutual in accordance with the Articles 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 accordance with any instructions contained in the notice of the General Meeting (or any adjourned meeting) to which they relate.

A proxy notice which is not delivered in such manner shall be invalid unless the Directors, in their discretion, accept the notice at any time before the meeting.

- 14.3. The Mutual may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 14.4. Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 14.5. Unless a proxy notice indicates otherwise, it must be treated as:
  - 14.5.1. allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
  - 14.5.2. appointing that person as a proxy in relation to any adjournment of the General Meeting to which it relates, as well as the meeting itself.

- 14.6. A person who is entitled to attend, communicate to or vote (either on a show of hands or on a poll)

at a General Meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Mutual by or on behalf of that person.

- 14.7. An appointment under a proxy notice may be revoked by delivering to the Mutual in the form specified by the Mutual or otherwise by written notice given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 14.8. A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 14.9. If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.
- 14.10. The Member's Representative of a Member shall constitute that Member's proxy for the purposes of this Article 14.
- 14.11. A Delegate of a Member, as described in the Rules, shall constitute a Member's proxy for the purposes of this Article 14.

## **15. MEMBERS WHICH ARE ORGANISATIONS**

- 15.1. An organisation which is a Member of the Mutual may authorise any person to act as its representative at any meeting of the Mutual and to exercise, on behalf of the organisation, the rights of the organisation as a member.
- 15.2. The organisation must give written notice of the name of its representative to the Mutual and, in the absence of such notice, the Mutual shall not be obliged to recognise the entitlement of the organisation's representative to exercise the rights of the organisation at General Meetings. Having received such notice, the Mutual shall consider that the person named in it as the organisation's representative shall continue to be its representative until written notice to the contrary is received by the Mutual.
- 15.3. The Mutual shall be entitled to consider that any notice received by it in accordance with Article 15.2 is conclusive evidence that the representative is entitled to represent the organisation and that their authority has not been revoked. The Mutual shall not be required to consider whether the representative has been properly authorised by the organisation.

## **16. DIRECTORS**

- 16.1. The number of Directors shall be no less than two and no more than five.
- 16.2. A Director may not appoint an alternate director or anyone to act on their behalf at meetings of the Directors or the Mutual.

## **17. POWERS OF DIRECTORS**

- 17.1. Subject to the provisions of the Act, the Articles (with particular regard to Article 18) and any special resolution, the Directors shall be responsible for the management of the Mutual's business and may exercise all the powers of the Mutual for that purpose.
- 17.2. No alteration of the Articles or the passing of any special resolution shall invalidate any prior act of the Directors.
- 17.3. A meeting of the Directors at which a quorum is present may exercise all the powers exercisable by the Directors.

## **18. EXERCISE OF POWERS**

- 18.1. Save as expressly provided under the Act, these Articles and the Rules, including for the avoidance of doubt any decision made under Article 18.2, the Directors shall exercise the powers of the Mutual only upon and in accordance with any lawful instructions provided by way of a Proposal passed in accordance with the Rules:
- 18.2. The directors may exercise the Mutual's powers under Articles 3.1.3 and 3.1.4 if:
  - 18.2.1. no more than 6 months has elapsed since the adoption of these Articles; and/or
  - 18.2.2. the Directors are required by any enactment or rule of law to consider or act in the interests of creditors of the Mutual.

## **19. APPOINTMENT OF DIRECTORS**

- 19.1. Any person who is willing to act as a Director, and who is permitted by law to do so, may be appointed to be a Director by the Board acting in accordance with Article 18 and otherwise in accordance with the Act.
- 19.2. Where a maximum number of Directors has been fixed, the appointment of a Director must not cause that number to be exceeded.

## **20. DISQUALIFICATION AND REMOVAL OF DIRECTORS**

- 20.1. A Director shall cease to hold office if they:
  - 20.1.1. are appointed in contravention of Article 19.2;
  - 20.1.2. are removed by the Board acting in accordance with Article 18;
  - 20.1.3. cease to be a Director by virtue of any provision in the Act or are prohibited by law from being a Director;
  - 20.1.4. have a bankruptcy order made against them or a composition is made with their creditors generally in satisfaction of their debts.

## **21. PROCEEDINGS OF DIRECTORS**



- 21.1. Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit.
- 21.2. Acts done by a meeting of the Directors or of a committee or by a person acting as a Director shall not be invalidated by the subsequent realisation that:
  - 21.2.1. the appointment of any such Director or person acting as a Director was defective; or
  - 21.2.2. any or all of them were disqualified; or
  - 21.2.3. any or all of them were not entitled to vote on the matter.

## **22. CALLING A DIRECTORS' MEETING**

- 22.1. Any Director may call a meeting of the Directors by giving notice of the meeting to the Directors or by authorising the company secretary (if any) to give such notice.
- 22.2. Notice of a meeting of the Directors must be given to each Director, but need not be in writing. The notice must specify:
  - 22.2.1. the time, date and place and/or electronic platform of the meeting;
  - 22.2.2. the general particulars of the business to be considered at the meeting; and
  - 22.2.3. if it is anticipated that the Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

## **23. PARTICIPATION IN DIRECTORS' MEETINGS**

- 23.1. Any Director may participate in a meeting of the Directors in person or by means of video conference, telephone or any suitable electronic means agreed by the Directors and by which all those participating in the meeting are able to communicate with all other participants.
- 23.2. If all the Directors participating in the meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## **24. QUORUM FOR DIRECTORS' MEETINGS**

- 24.1. The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, provided it shall not be less than two and, unless otherwise fixed, it is two.
- 24.2. At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 24.3. If the total number of Directors for the time being is less than the quorum required for decision-making by the Directors, the Directors shall not take any decision other than a decision to appoint further Directors.

## **25. CHAIRING DIRECTORS' MEETINGS**

- 25.1. The Directors may appoint one of their number as chair of Directors and determine the term for which the chair of Directors is to serve in that office, but shall be under no obligation to do so.
- 25.2. If at any meeting of the Directors the chair of Directors, if any, is not participating in the meeting within ten minutes of the time at which it was to start, the participating Directors may appoint one of themselves to chair the meeting.
- 25.3. The chair of Directors shall not have a casting vote except where expressly provided otherwise in these Articles or the Rules.
- 25.4. The Directors may terminate the appointment of a chair of Directors at any time.

## **26. DECISION-MAKING BY DIRECTORS**

- 26.1. The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting (subject to any higher threshold required under the Rules) or a decision taken in accordance with Article 27.
- 26.2. Each Director has one vote on each matter to be decided.

## **27. UNANIMOUS DECISIONS BY DIRECTORS**

- 27.1. A decision of the Directors is taken in accordance with this Article when all eligible Directors indicate to each other by any means that they share a common view on a matter.
- 27.2. Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible Director or to which each eligible Director has otherwise indicated agreement in writing.
- 27.3. A decision may not be taken in accordance with this Article if the eligible Directors would not have formed a quorum at such a meeting.

## **28. DELEGATION BY DIRECTORS**

- 28.1. Subject to the Articles, the Board may delegate any of the powers which are conferred on or delegated to the Board:
  - 28.1.1. to such legal person or committee;
  - 28.1.2. by such means (including by power of attorney);
  - 28.1.3. to such an extent;
  - 28.1.4. in relation to such matters or territories; and
  - 28.1.5. on such terms and conditions as the Board thinks fit;

provided always that powers delegated under this Article may only be exercised in the manner permitted for their exercise under these Articles.

- 28.2. If specifically permitted by the Board, any such delegation (the “principle delegation”) may authorise further delegation of the Board’s powers by any person or committee to whom they are delegated provided the terms of such delegation remain materially the same as the terms of the principal delegation.
- 28.3. The Board may, at any time, revoke any delegation in whole or part, or alter its terms and conditions.
- 28.4. The delegation of any power by the Board shall not preclude the concurrent exercise of that power by the Board or by any other body or person authorised to exercise it, unless expressly prohibited by the terms of the delegation.

## **29. DIRECTORS’ CONFLICTS OF INTERESTS**

- 29.1. The Directors may, in accordance with the requirements set out in this Article, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching their duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 29.2. Any authorisation under this Article will be effective only if:
  - 29.2.1. any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
  - 29.2.2. the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 29.3. Where the Directors authorise a Conflict, the Interested Director will be obliged to comply with any terms and conditions imposed by the Directors in relation to the Conflict.
- 29.4. The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 29.5. A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Mutual for any remuneration, profit or other benefit which they derive from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Mutual in General Meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

## **30. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE MUTUAL**

- 30.1. Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided the Director has declared the nature and extent of their interest in accordance with the requirements of

the Companies Acts, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Mutual:

- 30.1.1. may be a party to, or otherwise interested in, any transaction or arrangement with the Mutual or in which the Mutual is otherwise (directly or indirectly) interested;
- 30.1.2. shall be an eligible Director for the purposes of any proposed decision of the Directors (or committee of Directors) in respect of such existing or proposed transaction or arrangement in which that Director is interested;
- 30.1.3. shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which that Director is interested;
- 30.1.4. may act by themselves or their firm in a professional capacity for the Mutual (otherwise than as auditor) and that Director or their firm shall be entitled to remuneration for professional services as if they were not a Director;
- 30.1.5. may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Mutual is otherwise (directly or indirectly) interested; and
- 30.1.6. shall not, save as the Director may otherwise agree, be accountable to the Mutual for any benefit which that Director (or a Connected Person) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of the Director's duty under section 176 of the Act.

### **31. APPOINTMENT OF THE MANAGERS**

- 31.1. The Board may, acting in accordance with Article 18, appoint a community interest company to manage any or all aspects of the business of the Mutual on such terms within the powers of the Company as the Board thinks fit.
- 31.2. The Mutual and the Managers will enter into a written agreement in respect of the services to be performed by and the remuneration payable to the Managers.

### **32. SECRETARY**

- 32.1. The Directors may appoint any person who is willing to act as the secretary for such term at such remuneration and on such conditions as the Directors think fit. From time to time the Directors may decide to remove such person and to appoint a replacement.
- 32.2. A secretary who is also a Director may not be remunerated, otherwise than as permitted by these Articles.

### **33. MINUTES**

- 33.1. The Directors shall cause the Mutual to keep the following records in writing and in permanent form:
  - 33.1.1. minutes of proceedings at General Meetings;
  - 33.1.2. minutes of meetings of the Directors and of committees of the Directors, including the names of the Directors present at each such meeting;
  - 33.1.3. copies of resolutions of the Mutual and of the Directors, including those passed otherwise than at General Meetings or at meetings of the Directors.

### **34. POWERS IN RESPECT OF LEGAL PROCEEDINGS**

- 34.1. The Directors may cause the Mutual to:
  - 34.1.1. initiate legal proceedings;
  - 34.1.2. defend legal proceedings brought against it; and/or
  - 34.1.3. take any action necessary to protect against and/or in contemplation of such legal proceedings to the extent required to protect the Mutual's commercial interests.

### **35. RECORDS AND ACCOUNTS**

- 35.1. The Directors shall comply with the requirements of the Act as to maintaining a Members' register, keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies, Her Majesty's Revenue & Customs, any applicable regulatory authority and any government body of:
  - 35.1.1. any accounts and reports required under the Act in respect of the Mutual's financial periods;
  - 35.1.2. tax returns and filings required of the Mutual by Her Majesty's Revenue & Customs;
  - 35.1.3. annual and event-driven filings;
  - 35.1.4. any other information that the Mutual is properly required to provide.
- 35.2. Accounting records relating to the Mutual must be made available for inspection by any Director at any reasonable time during normal office hours.
- 35.3. A copy of the Mutual's latest available statement of account shall be supplied on request to any Director or Member, or to any other person who makes a written request and pays the Mutual's reasonable costs of fulfilling the request, within two months of such request.

### **36. COMMUNICATIONS**

- 36.1. Subject to the Articles, anything sent or supplied by or to the Mutual under the Articles or the Rules may be sent or supplied in any way permitted by the Act.
- 36.2. Subject to the provisions of the Companies Acts, the Mutual may send or supply all documents and information to Members by making them available on the Mutual's website or by other electronic means approved by the Board as and when the Board considers it appropriate to do so.

### **37. IRREGULARITIES**

- 37.1. The proceedings of any meeting or the taking of any poll or the passing of a written resolution or the making of any decision shall not be invalidated by reason of any accidental informality or irregularity (including by accidental omission to give or any non-receipt of notice) or want of qualification in any of the persons present or voting or by reason of any business being considered which is not specified in the notice.

### **38. INDEMNITY**

- 38.1. Subject to Article 38.2, but without prejudice to any indemnity to which they may otherwise be entitled:
  - 38.1.1. every Director or former Director of the Mutual may be indemnified out of the assets of the Mutual in relation to any liability they incur in that capacity; and
  - 38.1.2. every other officer or former officer of the Mutual may be indemnified out of the assets of the Mutual in relation to any liability they incur in that capacity.
- 38.2. This Article does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Act or by any other provision of law and any such indemnity is limited accordingly.

### **39. RULES**

- 39.1. The Board shall make Rules which shall include but not be limited to:
  - 39.1.1. The rights and obligations of Members and other conditions of membership;
  - 39.1.2. the basis on which Proposals shall be raised, considered and passed;
  - 39.1.3. the nature and extent of the Cover provided by the Mutual to Covered Members and the exclusions from such Cover, provided that all such Cover shall be available on a discretionary basis only;
  - 39.1.4. the basis upon which claims from Covered Members shall be considered;
  - 39.1.5. the obligations of the Mutual and Covered Members in respect of claims under the Cover.
- 39.2. The Rules may be added to or amended by the Board acting in accordance with Article 18.

- 39.3. The Rules shall be binding on all Members and no Rule shall be inconsistent with or shall affect or repeal anything contained in the Articles.