

Association of the British Pharmaceutical Industry
7th Floor, Southside, 105 Victoria Street, London SW1E 6QT
t +44 (0)870 890 4333 www.abpi.org.uk



Rules of the Constitution

5 July 2011

Rules of the Constitution

1	Title	2
2	Objects of the Association	2
3	Membership and Qualification	3
4	Admission of Members	4
5	Honorary Members	5
6	Resignation, Exclusion and Suspension of Members	5
7	Entrance Fee	6
8	Subscriptions and Charges	6
9	Management and Control	8
10	The Board of Management	9
11	President of the Association	11
12	Committees of the Association	11
13	Trustees	12
14	General Meetings	12
15	Voting at Meetings	12
16	Administration of the Association	13
17	Members' Interest	14
18	Affiliated Bodies	14
19	Indemnification	14
20	Alteration of Rules	14
21	Liability	14
22	Dissolution	14

1 Title

The title of the Association shall be 'The Association of the British Pharmaceutical Industry' (ABPI).

2 Objects of the Association

(a) The mission of the Association is to represent the pharmaceutical industry operating in the UK in a way that:

- assures patients access to the best available medicines
- creates a favourable political and economic environment
- encourages innovative research and development
- affords fair commercial returns.

(b) The strategic objectives of the Association are:

- to safeguard the interests of patients, and enhance the health of the nation, through effective use of medicines
- to promote the growth and success of its Members and the international competitiveness and export performance of the industry
- to develop and promote the UK as an attractive R & D and manufacturing environment in order to encourage innovation
- to ensure that the industry is recognised as an integral partner in the provision of healthcare.

(c) These objectives will be achieved by:

- acting as the lead body in representing the industry view to government and decision makers
- defining, prioritising and managing, on behalf of and with the participation of its membership, issues of strategic importance to the industry
- managing, at national level, the interface with the NHS on industry issues
- managing relationships and effective communication with government, professions, patients and the general public
- facilitating information exchange among the membership and with related external groups
- taking a lead role in developing and implementing standards and codes of practice for the industry through self-regulation
- influencing legislation affecting the industry.

3 Membership and qualification

(a) Members of the Association

(i) The following shall be eligible to be Members of the Association:

Companies which:

- supply prescription medicines for human use, and
- are carrying on business in the United Kingdom, and
- themselves manufacture such products and/or hold marketing authorisations in respect of such products.

OR, companies which:

- are engaged in research and/or development on their own account in the United Kingdom with a view to the marketing or licensing to other parties of medicines for human use or pharmaceutical materials intended for their preparation.

(ii) Notwithstanding the foregoing provisions, the Board of Management (the Board) may admit as a Member any company with interests in pharmaceutical products or materials which is not otherwise eligible, if it considers that it is in the interests of the Association to do so. The Board may impose such terms and conditions as it sees fit upon such Members.

(b) Affiliate Members of the Association

There shall be two classes of Affiliate Members: Research Affiliates and General Affiliates.

(i) The following shall be eligible for membership as Research Affiliates:

Companies which:

- are engaged in research in and/or development of medicines for human use, and
- have no turnover in such products, and
- are carrying on business in the United Kingdom.

(ii) The following shall be eligible for membership as General Affiliates:

Organisations which:

- are not eligible for any other class of membership, and
- are carrying on business in the United Kingdom.

(iii) Affiliate Members shall enjoy such rights and privileges and be under such obligations as the Board shall from time to time determine.

(c) Related Companies

- (i) For the purposes of membership of the Association and all the rights, privileges and obligations attaching thereto, a group of two or more related companies shall constitute a single Member, and upon two or more Members of the Association becoming a group of related companies, their separate membership shall cease and they shall thenceforth constitute a single Member. For the purposes of this provision, a company shall be deemed to be related to another if either is a subsidiary of the other, or both are subsidiaries of a third company, or if either is otherwise directly or indirectly under the ownership and/or financial control of the other, or both are directly or indirectly under the same ownership and/or financial control.

- (ii) The Board may, however, permit two or more related companies to be individual Members of the Association where they are managed independently of each other and report separately to different corporate principals. The Board may impose such terms and conditions as it sees fit upon such Members.

4 Admission of members

- (a)** Application for membership of the Association shall be made in writing to the Secretary of the Association (the Secretary) on an application form in the manner prescribed by the Board, showing full particulars of the qualification of the applicant for membership together with written undertakings signed on behalf of the applicant (i) to abide by the rules and regulations of the Association including any code of practice adopted by the Association from time to time and (ii) to treat as confidential any documents so marked issued by the Association.

- (b)** The application shall be submitted to the Board which shall have power to make such enquiry as it may deem necessary or desirable in order to determine the suitability of the applicant for membership.

- (c)** If an application for membership is approved by not less than two-thirds of the members of the Board present and voting, the applicant shall become a Member or Affiliate Member of the Association. However, if a meeting of the Board is not scheduled to be held within 30 days of receipt of an application for ABPI membership by the Secretary, the Secretary may circulate such application for approval by the Board electronically. An application processed in this way shall be deemed successful provided two-thirds of the members of the Board approve the application electronically or in writing. The Board shall have full power and authority to refuse an application for membership of the Association without giving any reason for its refusal.

5 Honorary members

The Board shall be empowered to elect individuals as Honorary Members of the Association subject to the approval of a General Meeting, in recognition of services rendered to the Association.

Honorary Members shall be exempt from payment of entrance fees and subscriptions, shall have no vote and shall not, except as a Trustee, be eligible to hold any office in the Association or have any interest in any property of the Association, but shall be entitled to attend all social functions and all General Meetings.

6 Resignation, exclusion and suspension of members

Membership of the Association shall cease:

- (a)** If the Member or Affiliate Member is dissolved or otherwise ceases to operate. (See 8(f) for subscription phasing arrangements on merger or takeover).
- (b)** (i) in the case of Members, at 31st December of the calendar year following year of receipt by the Secretary of written notice from the Member of its intention to resign from membership of the Association; or

(ii) in the case of Affiliate Members, at the end of a period of two calendar months after the receipt by the Secretary of written notice from the Affiliate Member of its intention to resign from membership of the Association.
- (c)** If the Member or Affiliate Member ceases to hold the qualification rendering it eligible for membership under Rule 3 above.
- (d)** If at a meeting of the Board, a resolution be passed by not less than three-fourths of the members present and voting that it is undesirable that such Member or Affiliate Member shall remain a Member. No such resolution shall become effective unless the said Member or Affiliate Member has had an opportunity of being represented at the meeting in order to state its case and answer any allegation or allegations made against it.
- (e)** If the subscription or part subscription of any Member or Affiliate Member remains unpaid three months after the date upon which it fell due. Such termination shall not become effective unless the said Member or Affiliate Member, in the opinion of the Board, has been given reasonable opportunity to state its case, or offer an explanation of its failure to pay the due subscription.

Membership of the Association shall be suspended if at a meeting of the Board a resolution to that effect be passed by not less than three-fourths of the members present and voting. Such suspension shall be for a period not exceeding two years and be subject to such conditions as to the payment of subscriptions and other matters as the Board shall determine. No such resolution shall become effective unless the said Member or Affiliate Member has had an opportunity of being represented at the meeting in order to state its case and answer any allegation or allegations made against it.

7 Entrance fee

The entrance fee shall be such sum or sums (if any) as the Board may from time to time determine.

8 Subscriptions and charges

- (a)** Each Member or Affiliate Member shall pay an annual subscription for membership of the Association which shall be payable upon the 1st day of January in each year. A Member or Affiliate Member admitted to membership after the 1st day of January in any year shall be liable for the year's subscription, except that a Member or Affiliate Member admitted to membership on or after the 1st day of March of any year shall be required to pay for that year pro rata to the annual subscription otherwise due.
- (b)** Each Member shall forward to the Finance Director of the Association not later than the 15th day of January each year (or, in the case of newly admitted Members within one month of admittance) a completed declaration of sales in a form approved by the Board from time to time.
- (c)** The Association's Finance Director shall notify each Member of the amount of the subscription payable by that Member each year, and shall receive the amount so payable on behalf of the Association. Details of individual Members' declared turnover and the subscriptions paid or payable shall be retained in the custody of the Finance Director and shall be held by him in confidence and not disclosed except to the Chief Executive Officer of the Association and such other officers or employees of the Association as need, in the reasonable opinion of the Chief Executive Officer, access to such information for the proper governance of the Association. All persons to whom the said details are disclosed shall be placed under a similar obligation of confidentiality.
- (d)** When determining the subscriptions which shall be payable by Members, the Board shall provide:

 - (i)** That there shall be a formula for calculating subscriptions payable by Members which provides for two tiers of subscription:

A specified percentage of turnover for the declared turnover up to a set level (The Set Level)

A further percentage of turnover for that turnover beyond this Set Level

- (ii) The percentages and the Set Level referred to in the above Rule 8 (d) (i) shall be determined by the Board from time to time subject to approval at a General Meeting by a simple majority of those present and voting.
 - (iii) That there shall be a further formula for Members whose turnover is lower than an amount specified by the Board. That turnover figure shall be determined by the Board from time to time subject to approval at a General Meeting by a simple majority of those present and voting.
- (e) The Board may, in the first instance, call up part only of the subscriptions due from Members.

In this event, the remainder of the subscriptions due may subsequently be called up at any time by the Board and shall be payable upon call.

- (f) In the event that a Member shall be acquired by another Member, or that two or more Members shall merge, the amount of subscription payable by the resulting Member (the "Enlarged Company") shall be:
- (i) In respect of the calendar year in which the acquisition or merger is completed: the amount that would have been payable by all the Members involved had the acquisition or merger not taken place.
 - (ii) In each of the four calendar years after the calendar year in which the acquisition or merger takes place (the "Transitional Period") the total of:
 - (a) the amount payable under the current rules by the Enlarged Company, and
 - (b) the difference between (A) the amount payable under the current rules by the Enlarged Company for that year, and (B) the amount that would have been payable, on the basis of their declared turnover in respect of the year immediately preceding the year of acquisition or merger, by all the Members involved had the acquisition or merger not taken place (provided this sum exceeds zero) multiplied by the percentage set out below for each respective calendar year of the Transitional Period:

Year of the Transitional Period	Percentage
Year 2	80%
Year 3	60%
Year 4	40%
Year 5	20%

(iii) In the sixth calendar year after the calendar year in which the acquisition or merger takes place and in subsequent years: the amount payable under the current rules by the Enlarged Company.

(g) In addition, each Member shall pay any levy or charge (whether specific or resulting from a system of charges) determined by the Board subject to approval at a General Meeting by a simple majority of those present and voting.

Rule 6(e) shall apply to any such levy or charge.

(h) The amount of the subscriptions paid by Affiliate Members shall be determined from time to time by the Board.

(i) The Association shall notify each Affiliate Member of the subscription payable and payment shall be made in accordance with Rule 8(a) above.

9 Management and control

The management and control of the business and affairs of the Association shall be vested in the Board of Management which may exercise all the powers, authorities and discretions of the Association except only such as under these Rules are expressly directed to be exercised by the Association in General Meeting.

The powers, authorities and discretions which may be exercised by the Board of Management shall include the power to borrow or raise or secure or assign the payment of money in such manner as the Board shall approve and to draw, make, accept, endorse, discount, assign, execute and issue promissory notes, bills of exchange, warrants, debentures and other negotiable or transferable instruments for the purpose in all cases of purchasing a bulk annuity to fund the future pension liability of the Association of the British Pharmaceutical Industry Staff Pension Fund.

10 The Board of Management

- (a)** The Board of Management shall consist of the following:
- (i) Twelve persons elected only by those Members of the Association whose subscription payable exceeds an amount specified by the Board and agreed by the membership from time to time - ("the Specified Level").
 - (ii) Two persons elected only by those Members of the Association whose subscription payable is below the Specified Level.
 - (iii) The President, who shall be a member *ex officio*.
 - (iv) Such additional members as are co-opted in accordance with paragraph (g) of this Rule.
- (b)** In an election for membership of the Board, each Member shall have tiered voting rights relative to their subscription payable.
- (c)** The members of the Board elected under Rule 10 (a) (i) shall serve for a period commencing on the day immediately following the conclusion of the Annual General Meeting following their election and terminating on the day of the second Annual General Meeting following their election. Prior to every Annual General Meeting, six persons shall be elected to serve in place of those six elected members who have served longest since their last election. The members of the Board elected under Rule 10 (a) (ii) shall serve for a period commencing on the day immediately following the conclusion of the Annual General Meeting following their election and terminating on the day of the second Annual General Meeting following their election. Retiring elected members shall be eligible for re-election.
- (d)** Elections shall be conducted by ballot in such manner or in accordance with such regulations as shall from time to time be approved by the Board.
- In the event of persons receiving an equal number of votes, those to be elected shall be decided by lot.
- (e)** In the event of any vacancy among the elected members an election may at the discretion of the Board be held to fill that vacancy for the remainder of that period for which the person whose place is to be filled was elected.

- (f)** Where, within a period of two months prior to the invitation in any year to nominate candidates for election as members of the Board (the new members) to serve in place of the six elected members whose period of service expires at the conclusion of the next Annual General Meeting, (a) any casual vacancy has occurred amongst the elected members whose period of service continues beyond the Annual General Meeting, (the continuing members) or (b) such a vacancy will occur because the continuing member has been elected as President of the Association for the forthcoming year, the Board may in its discretion hold the election to fill the casual vacancy required by paragraph (e) of this Rule jointly with the election of new members. In the event of a joint election, the six persons elected who receive the greatest number of votes shall serve as the new members for a period of two years in accordance with paragraph (c) of this Rule, and any other person elected shall fill a casual vacancy and serve for the remainder of the period for which the person whose place is or will be vacant was elected; and of persons receiving an equal number of votes those to be elected or to serve as the new members shall be decided by lot.
- (g)** The Board shall include not more than five co-opted members, each of whom shall be appointed by the Board for such period as the Board may determine but shall go out of office on the day preceding the first meeting of the Board after the Annual General Meeting, or at any time if the Board so decides. Any retiring co-opted member shall be eligible for further co-option.
- (h)** There shall at all times be effective representation on the Board across the breadth of the membership. The Board shall from time to time determine the procedures necessary to achieve this requirement.
- (i)** The Board shall ensure that all necessary skills and experience are available. The Board shall from time to time determine the procedures necessary to achieve this requirement.
- (j)** The qualification for a member of the Board other than a co-opted member is that he be resident in the United Kingdom and a director of a Member of the Association or a person of standing in the industry being a senior executive of such a Member.
- (k)** No Member of the Association may be represented on the Board by more than one elected and one co-opted member. The Member of the Association represented by the President may in addition be represented by no more than one elected or one co-opted member.
- (l)** A member of the Board shall go out of office:
- (i) If at any time he ceases to hold the qualification required under paragraph (j) of this Rule; or
 - (ii) If he become bankrupt or of unsound mind; or
 - (iii) If his resignation as a member of the Board be accepted by the Board; or

- (iv) If at a meeting of the Board which he has had an opportunity of attending in order to state his case and answer any allegation or allegations made against him a resolution be passed by not less than two-thirds of the members present and voting that it is undesirable that he shall remain a member of the Board.
- (m) A quorum of the Board shall be such number not being fewer than five as the Board may from time to time determine.
- (n) The Board shall hold at least four meetings in every year at intervals of not more than four months between each.

11 President of the Association

The President shall fulfil the office of Chairman of the Board of Management and shall be an *ex officio* member of all committees and task forces of the Association, with the exception of any committees or similar bodies which adjudicate upon complaints made under any code of practice adopted by the Association.

The President shall be elected annually by the Board and shall hold office from the day after the Annual General Meeting next following his election until the day of the next Annual General Meeting. The retiring President shall be eligible for re-election, except that a person may not hold this office for more than two consecutive years.

If the office of President becomes vacant, the Board may at its discretion appoint a person or hold an election to fill that vacancy for the remainder of the period for which the person whose place is to be filled was elected or during which he would have served.

In the absence of the President, the Chair at any meeting of the Board shall be taken by a member of the Board elected at the meeting.

12 Committees of the Association

- (a) The Board may appoint committees, task forces and other groups for such objects or purposes and with such powers and duties as it may prescribe.
- (b) All committees of the Association shall go out of office at the expiration of 60 days after the Annual General Meeting in each year but any or all of the committees may be reconstituted or re-appointed at the discretion of the Board.
- (c) Unless specifically provided otherwise by the Board, any committee may appoint such task forces as may be thought fit.

13 Trustees

The property of the Association shall be vested in Trustees who shall hold the same, subject to the instructions of the Board, for and on behalf of the Association. There shall be four Trustees, who are or have been directors of Members of the Association or persons of standing in the industry, who may act by the decision of any two of them. Each Trustee shall be appointed by the Board for a term of four years and may thereafter be re-appointed on an annual basis. A Trustee shall have the privileges of an Honorary Member of the Association whilst serving as a Trustee.

14 General Meetings

- (a) There shall be at least two General Meetings of the Association in each year, one of which shall be the Annual General Meeting.
- (b) The business of the Annual General Meeting shall be the appointment of Auditors, the passing of accounts, adoption of the balance sheet, the presentation of the Annual Report and any other competent business.
- (c) In addition, a Special General Meeting may at any time be called by direction of the President of the Association or of the Board and shall be called upon a request in writing to the Secretary signed on behalf of at least five Members of the Association for the discussion of any special subject or subjects of which notice shall be given by those who desire that the meeting shall be called. No business shall be transacted at a Special General Meeting save such as is specified in the notice of it given to Members.
- (d) The Secretary shall give all Members and Affiliate Members not less than 14 days' notice in writing of all General Meetings and each such notice shall be accompanied by an agenda of the business to be transacted at such meeting. If necessary, a supplementary agenda may be sent not less than three days before the meeting. At all General Meetings, eight Members (attending in person by representative or proxy) shall form a quorum.
- (e) Any General Meeting may be adjourned, but at such adjourned meeting no other business than that which appeared on the agenda of the original meeting shall be discussed.
- (f) Each General Meeting shall be presided over by the President of the Association, or in his absence, the meeting shall elect its own Chairman.

15 Voting at meetings

- (a) Each Member shall delegate a representative (or representatives where appropriate) to vote on its behalf. Votes at any General Meeting may be given by the Member's representative in person or by proxy. A Member may appoint only one proxy to attend each meeting. An instrument appointing a proxy shall be in writing, signed by or on behalf of the Member and shall be in such form as the Board shall determine.

The instrument appointing a proxy shall be deposited at the Association's office specified in the notice convening the meeting not less than 24 hours before the time for holding the meeting at which the proxy proposes to vote, and an instrument of proxy which is not deposited accordingly shall be invalid.

- (b)** At any General Meeting every Member of the Association shall have one vote subject to Rule 15(c) below.
- (c)** At any General Meeting the President (or Chairman in the absence of the President) may declare a matter to be exceptional. In the case of a vote upon such a matter each Member shall have voting rights relative to their current subscription payable.
- (d)** Votes conducted under Rule 15 (b) shall be by show of hands or ballot at the Chairman's discretion and votes conducted under Rule 15 (c) shall be by ballot. All motions shall, subject to any exceptions set out in these Rules, be determined by a majority of the votes cast. The President or Chairman presiding at any Board meeting or over any vote conducted under Rule 15 (b) shall have an original and also a casting vote.
- (e)** Upon any question being declared carried by a majority of those present, any three of the minority may demand a secret ballot of all Members qualified to vote on the said question. If a secret ballot is demanded as aforesaid, it shall be taken in such manner and at such time within 14 days and at such place as the Chairman of the meeting directs and either at once or after any interval or adjournment or otherwise and the result of the secret ballot shall be deemed to be the resolution of the meeting at which the secret ballot was demanded.
- (f)** The Board may from time to time by a simple majority resolve that its decisions relating to matters of business specified in such resolution shall require to be passed by the special majority thereby specified and any such resolution of the Board shall not be amended, modified, suspended or rescinded by the Board save by the like special majority.

16 Administration of the Association

- (a)** For the purposes of carrying out the day to day administration of the Association's affairs the Board may appoint or authorise the appointment of a Chief Executive Officer, Secretary and such other staff as it considers appropriate and may determine their duties and conditions of service.
- (b)** The Board shall have power to provide pensions for the staff of the Association by the continuation of a pension scheme already established or by the establishment of a scheme or schemes in addition to or in lieu of any pension scheme already established.

17 Members' interest

Except with regard to obligations specifically laid down in these Rules, no decision of the Board or of the Association in General Meeting shall be construed as obliging any Member or Affiliate Member of the Association to do anything which is considered by that Member or Affiliate Member to be contrary to its best interests.

18 Affiliated bodies

The Board shall have power to affiliate with any other organised body or bodies having objects which are in the interests of the Association upon such terms and conditions as may be agreed upon by the Board and the governing authority of the other body or bodies.

19 Indemnification

The Association shall indemnify all members of the Board, the Trustees, members of the Prescription Medicines Code of Practice Authority Code of Practice Appeal Board, all members of any committee or task force of the Association, the staff of the Association and all other officers of the Association whether paid or unpaid in respect of all actions, claims and demands whatsoever made against them either alone or jointly with others in respect of any act, thing or matter lawfully done or omitted to be done by them within the scope of their authority or employment in or about the business of the Association or any committee or task force.

20 Alteration of rules

No modification of or addition to these Rules shall be made unless (a) notice calling a General Meeting specifying the proposed modification or addition shall have been given to all Members and (b) such modification or addition shall have been approved by not less than three-fourths of the Members present and voting at such a General Meeting and confirmed by not less than three-fourths of the Members present and voting at a subsequent General Meeting to be held not earlier than 28 days after the meeting at which the modification or addition was first approved.

21 Liability

ABPI is an unincorporated association. In the event that ABPI incurs a liability whether as a debt, for damages or otherwise and whether or not due to any person under the indemnity in Rule 19, which cannot be met from its reserves or other reasonable sources Members will be jointly liable. Liability will accrue to the members in membership of ABPI at the time the liability arises. A Member's share in that liability shall be in direct proportion to the subscription which was payable by that Member in the subscription year during which the liability arose. Liability will be unaffected by subsequent termination of membership of ABPI.

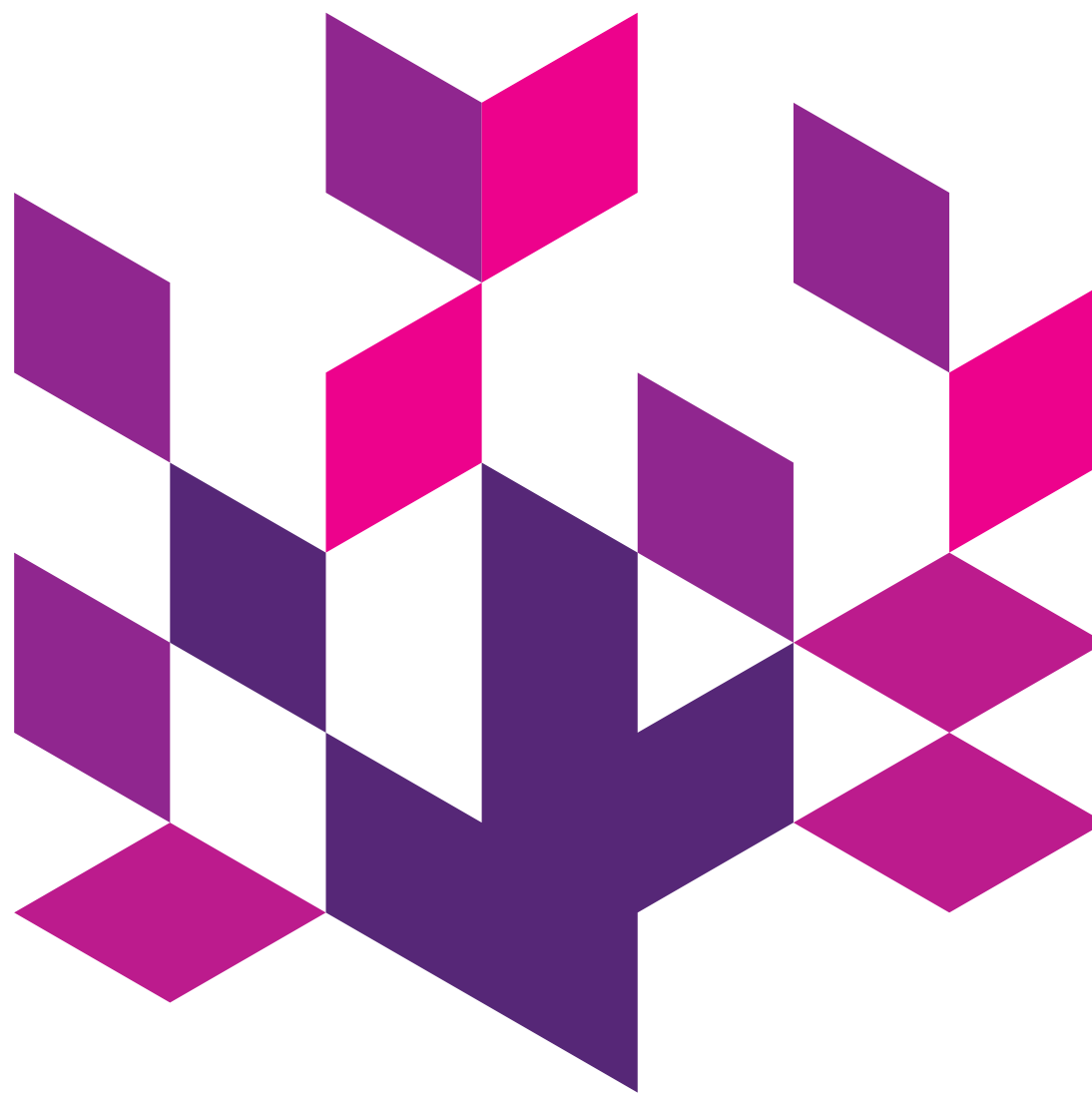
22 Dissolution

A resolution to dissolve the Association shall be proposed only at a General Meeting and shall be carried by a majority of at least three-fourths of the Members present and voting.

A resolution thus carried shall be confirmed by not less than three-fourths of the Members present and voting at a subsequent General Meeting to be held not earlier than 28 days after the meeting at which the resolution was first approved.

The dissolution shall take effect from the date of the confirmation of the resolution and the Board of Management shall be responsible for the winding up of the assets and liabilities of the Association. During the winding up process the provisions of Rules 9, 19 and 21 shall continue to apply.

Any property remaining after the discharge of the debts and liabilities of the Association shall be divided rateably in proportion to the subscription which was payable by that Member in the subscription year in which the date of dissolution occurs.



Bringing medicines to *life*

Association of the British Pharmaceutical Industry
7th Floor, Southside, 105 Victoria Street, London SW1E 6QT
t +44 (0)870 890 4333 abpi@abpi.org.uk