

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE

and

NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

OF

THE ASSOCIATION OF THE BRITISH PHARMACEUTICAL INDUSTRY

(the “**Company**”)

1 INTERPRETATION

1.1 In these Articles:

“**2006 Act**” means the Companies Act 2006;

“**Articles**” means these Articles of Association;

“**Board**” means the board of Directors (also known as the “ABPI Board”);

“**Chief Executive Officer**” means the chief executive officer appointed pursuant to Article 18.1;

“**Communication**” means any notice, document or other communication required to be given by the Company pursuant to these Articles or the 2006 Act.”

“**Directors**” means the directors of the Company appointed pursuant to the 2006 Act;

“**Executives**” means the chief executive officer appointed pursuant to Article 18.1 and the Secretary appointed pursuant to Article 19.1;

“**Members**” means the person or persons whose names are for the time being entered on the Register of Members and prior to such registration, means the persons who subscribed to the Company’s Memorandum of Association on incorporation and “**Members**” and “**Membership**” shall include Full Members, Affiliate Members and Honorary Members and shall be construed accordingly;

Company number: 09826787

“*ordinary resolution*” has the meaning given in section 282 of the 2006 Act;

“*special resolution*” has the meaning given in section 283 of the 2006 Act;

“*Full Member*” means the person(s) who have paid the Subscription due pursuant to Articles 11.3-11.10 and “Full Members” and “Full Membership” shall be construed accordingly;

“*Secretary*” means the company secretary appointed pursuant to Article 19.1;

“*Subscription*” means the amount of subscription payable by Full Members and Affiliate Members payable in accordance with Article 11.1 and determined in accordance with Article 11.2 in the case of Affiliate Members and Articles 11.3-11.10 in the case of Full Members;

“*United Kingdom*” means Great Britain and Northern Ireland;

“*Affiliate Member*”, “*Continuing Board Members*”, “*Honorary Member*”, “*Merging Companies*”, “*New Board Members*”, “*New Company*”, “*President*”, “*Set Level*”, “*Smaller Companies’ Subscription*”, “*Smaller Companies’ Threshold*”, “*Specified Level*”, “*Transitional Period*”, and “*Vice-President*” are as hereinafter defined;

1.2 Words expressing the masculine gender only shall include the feminine gender (and vice versa) and words in the singular include the plural (and vice versa).

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

1.4 Expressions referring to “written” or “in writing” mean something written or provided by a substitute for writing, including anything in electronic form.

1.5 Any reference to a statutory provision or enactment shall include any statutory modification or re-enactment of that provision for the time being in force.

2 OBJECTS

2.1 The objects for which the Company is established are to represent the pharmaceutical industry within the United Kingdom in a way that:

2.1.1 assures patients access to the best available medicines;

2.1.2 creates a favourable political and economic environment;

2.1.3 encourages innovative research and development; and

2.1.4 affords fair commercial returns.

2.2 The strategic objects of the Company are:

2.2.1 to safeguard the interests of patients, and enhance the health of the nation through effective use of medicines;

2.2.2 to promote the growth and success of its Members and the international competitiveness and export performance of the pharmaceutical industry;

- 2.2.3 to develop and promote the United Kingdom as an attractive environment for research, development and manufacturing in order to encourage innovation; and
 - 2.2.4 to ensure that the industry is recognised as an integral partner in the provision of healthcare.
- 2.3 The objects set out in this Article 2 will be achieved by:
- 2.3.1 acting as the lead body in representing the pharmaceutical industry to governments and policy makers;
 - 2.3.2 defining, prioritising and managing issues of strategic importance within the pharmaceutical industry;
 - 2.3.3 managing at national level the interface with the National Health Service on industry issues;
 - 2.3.4 managing relationships and effective communication with government, professions, patients and the general public;
 - 2.3.5 facilitating the exchange of information both among the membership and related third parties;
 - 2.3.6 taking a lead role in developing and implementing standards and codes of practice for the pharmaceutical industry through self-regulation; and
 - 2.3.7 influencing legislation affecting the industry.
- 2.4 The Company will pursue and maintain the objects set out in this Article 2 by taking over and assimilating the total undertaking and assets of the Association of the British Pharmaceutical Industry (also known as the ABPI), being an unincorporated association founded in 1929 as the Wholesale Drug Trade Association and renamed in 1948.

3 POWERS

- 3.1 In pursuance of the objects set out in Article 2, the Company has the power:
- 3.1.1 to purchase, lease, exchange, hire or otherwise acquire any real or personal property and any rights or privileges and to construct, maintain and alter buildings or structures which the Company may think necessary for the promotion of its objects;
 - 3.1.2 to sell, let, lease, mortgage, develop, exchange, improve, dispose of, turn to account or otherwise deal with all or any of the property or assets of the Company;
 - 3.1.3 to establish, subsidise, promote, co-operate or federate with, affiliate or become affiliates to, act as trustees or agents for, or manage or lend money or other assistance to any association, society or other body, corporate or unincorporate, whose objects are altogether or in part similar to the objects of the Company or which is concerned in promoting or protecting the interests

of persons engaged in the pharmaceutical industry, but so that none of the funds of the Company shall be paid to any federated, affiliated or co-operating association, society or other body which does not prohibit the payment of dividends or profit to its members to an extent at least as great as is imposed on the Company under or by virtue of this Article 3, and for the purpose of promoting any objects of the Company to co-operate with manufacturers, dealers, or other traders, and with the press and other sources of publicity;

- 3.1.4 to open bank accounts and other financial facilities and to borrow on such terms and on such security as may be thought fit and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
- 3.1.5 to invest the money of the Company not immediately required for its purposes in low risk investments such as, but not limited to, bank deposit accounts, subject nevertheless to such conditions (if any) and such consents (if any) as may, for the time being, be imposed or required by law and subject also as hereinafter provided. Any investments other than bank deposit accounts are subject to Board approval;
- 3.1.6 subject to Article 4, to employ and pay such persons, and to appoint such professional or other advisers as may be required for the furtherance of the Company's objects;
- 3.1.7 to make all reasonable and necessary provision for the payment of pensions and superannuation to or on behalf of the Company's employees and their widows and other dependants, as the Company may decide from time to time;
- 3.1.8 to insure against any losses, damages, risks and liabilities of all kinds that may affect the Company and to provide indemnity insurance to cover the liability of the Directors (or any of them) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Company; provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors (or any of them) knew to be a breach of trust or breach of duty or which was committed by the Directors (or any of them) deliberately, recklessly or in disregard of whether it was a breach of trust or breach of duty or not;
- 3.1.9 to take any gift of property, whether subject to any trust or not, for any one or more of the objects of the Company;
- 3.1.10 to adopt any mark, device or letters and to register the same if appropriate;
- 3.1.11 to borrow or raise money for the purposes of the Company on such terms and on such security as may be thought fit subject to such consents as may be required by law, and to issue any debentures or debenture stock whether perpetual, irredeemable or otherwise;
- 3.1.12 to establish promote support form or aid in the establishment promotion, formation and support of any charitable or benevolent associations or

institutions, and to subscribe or guarantee money for charitable or benevolent purposes in any way connected with or calculated to further the objects of the Company;

- 3.1.13 to print and/or publish any guidance, articles, newspapers, periodicals, journals, books, circulars, leaflets or other written materials that the Company may think desirable for the purposes of the objects;
- 3.1.14 to purchase or otherwise acquire and undertake all or any part of the property assets, liabilities and engagements of any one or more of the associations, societies or bodies with which the Company is authorised to co-operate or federate;
- 3.1.15 to apply for such permissions, or enter into any arrangements with any government or other regulatory authority, which may be required for enabling the Company to carry out any of its objects or making any modification to these Articles or for any other purpose, and to oppose any proceedings or applications which may be to the prejudice of the Company's objects;
- 3.1.16 to pay out of the funds of the Company the costs, charges and expenses of and incidental to the formation and registration of the Company;
- 3.1.17 to enter into contracts to provide services to or on behalf of other bodies;
- 3.1.18 to incorporate subsidiary companies to carry on any trade or for any charitable purpose; and
- 3.1.19 to do such other things as are necessary to the attainment or furtherance of the above objects or any of them.

4 INCOME

- 4.1 The income and property of the Company shall be applied solely towards the promotion of its objects as set forth in Article 2 and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or profit, in any form whatsoever, to its Members, provided that nothing herein shall prevent the payment in good faith by the Company of:
 - 4.1.1 reasonable and proper remuneration to any member, employee or officer of the Company for any service rendered to the Company;
 - 4.1.2 interest at a rate not exceeding commercial banking rates in existence at the time on money lent or reasonable and proper rent for premises demised or let to the Company;
 - 4.1.3 any reasonable out-of-pocket expenses to persons employed by the Company;
 - 4.1.4 payment of fees remuneration or other benefit in money or money's worth to any partnership company or other organisation of which a Member or Director may also be an employee (provided such employee is not entitled to share in the profits of such partnership, company or other organisation or in the case

of a company, a shareholder holding not more than 1/100th part of the issued capital of that company); and

- 4.1.5 any premium in respect of any such indemnity insurance as is permitted by Article 3.1.8.

5 WINDING UP

- 5.1 If, upon winding up or dissolution of the Company, there remains, after satisfaction of all its debts and liabilities any property whatsoever, the following shall apply:

5.1.1 in the case of books, papers and other documents not possessing pecuniary or intrinsic value, the same shall be destroyed but, in any other cases, their value shall be realised and the net proceeds applied as funds under Article 5.1.25.1.2 below; and

5.1.2 in the case of funds, the same shall be paid to or distributed among the Full Members and Affiliate Members in proportion to the Subscription paid in the previous calendar year.

6 LIABILITY OF MEMBERS

- 6.1 The liability of each Member is limited to £10, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he is a Member or within one year after he ceases to be a Member for:

6.1.1 payment of the Company's debts and liabilities contracted before he ceases to be a Member;

6.1.2 payment of the costs, charges and expenses of winding up; and

6.1.3 adjustment of the rights of the contributories among themselves.

7 MEMBERSHIP

Members of the Company

- 7.1 The Company shall be incorporated with an initial Member and such Membership is to be held on bare trust for the existing members of the unincorporated association known as the "*Association of the British Pharmaceutical Industry*". The existing members of the unincorporated association known as the "*Association of the British Pharmaceutical Industry*" shall become Members at 00.01am on the 1st day of January 2016, whereupon the initial Member on incorporation shall immediately cease to be a Member.

- 7.2 The Board shall cause a register to be kept of all Members respectively with their addresses together with such other records of Membership as may be deemed necessary or are required by law, including but not limited to the requirements of Section 113 of the 2006 Act. Every Member shall either sign a written consent to become a Member or sign the Register of Members. The Register of Members shall be kept available for inspection in accordance with Section 114 of the 2006 Act.

Full Members

- 7.3 The Board shall, in its absolute discretion, admit to Full Membership such other persons from time to time in accordance with the provisions below.
- 7.3.1 Companies which (i) supply prescription medicines for human use and (ii) are carrying on business in the United Kingdom and (iii) themselves manufacture such products and/or hold marketing authorisations in respect of such products; or
- 7.3.2 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; or
- 7.3.3 Notwithstanding the foregoing provisions, the Board may, in its absolute discretion, admit as a Full Member any company with interests in pharmaceutical products or materials which is not otherwise eligible, if the Board considers that it is in the best interests of the Company to do so.
- 7.4 The Full Members shall be entitled to attend, speak and vote at general meetings pursuant to Article 22. The Board may impose such terms and conditions as may appear to it from time to time to be reasonable and requisite for qualification as a Full Member.

Affiliate Members

- 7.5 There shall also be two classes of Affiliate Members (an “*Affiliate Member*”) known respectively as “*Research Affiliates*” and “*General Affiliates*” which shall be eligible for Affiliate Membership of the Company, in the absolute discretion of the Board, as follows:
- 7.5.1 “*Research Affiliates*” are companies which (i) are engaged in research in and/or development of medicines for human use and (ii) have no turnover in such product and (iii) are carrying on business in the United Kingdom.
- 7.5.2 “*General Affiliates*” are companies or organisations which (i) are not eligible for any other class of membership and (ii) are carrying on business in the United Kingdom.
- 7.6 Affiliate Members shall enjoy such rights and privileges and be under such obligations as the Board shall from time to time determine, in its absolute discretion.
- 7.7 Affiliate Members shall have no right to speak or to vote at general meetings of the Company, but shall be entitled to attend and receive notice of general meetings.

Related Companies

- 7.8 For the purposes of Membership and all the rights, privileges and obligations attaching thereto, a group of two or more “related companies” which are Members shall constitute a single Member, and upon two or more Members becoming a group of related companies, their separate Membership shall cease at the end of the calendar year in which the Members formally became related companies, 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. For the purposes of this Article 7.8, the word “Subsidiary” shall have the same meaning in these Articles as in the 2006 Act.

- 7.9 The Board may, however, permit two or more related companies to be individual Members 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, in its absolute discretion.

Honorary Members

- 7.10 The Board shall be empowered to elect individuals as “*Honorary Members*” (an “*Honorary Member*”) in recognition of services rendered to the pharmaceutical industry subject to the approval of the Company in a general meeting.
- 7.11 Honorary Members shall be exempt from payment of entrance fees and subscriptions, shall have no right to speak or to vote at general meetings of the Company and shall not be eligible to hold any office in the Company or have any interest in any property of the Company, but shall be entitled to attend all social functions organised by the Company for its Members and attend and receive notice of any general meetings.

8 ADMISSION OF MEMBERS

- 8.1 Application for Membership shall be made in writing to 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 these Articles and other regulations of the Company from time to time in force including any code of practice adopted by the Company and (ii) to treat as confidential any documents so marked issued by the Company.
- 8.2 The application shall be submitted to the Board, which may make such enquiry as it may deem necessary or desirable in order to determine the suitability of the applicant for Membership.
- 8.3 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.
- 8.4 Where a meeting of the Board is not scheduled to be held within 30 days of receipt of an application for Membership by the Secretary, the Secretary may circulate such application for approval by the Board electronically. An application shall be deemed successful provided two-thirds of the members of the Board approve the application electronically or in writing.
- 8.5 The Board shall have full power and authority to refuse an application for Membership without giving any reason for its refusal.

9 RESIGNATION, EXCLUSION AND SUSPENSION OF MEMBERS

- 9.1 Membership shall cease:

- 9.1.1 if the Member is dissolved, enters into a scheme of arrangement with its creditors, becomes insolvent or otherwise ceases to operate otherwise than as contemplated by Article ~~11.9~~11.9;
 - 9.1.2 in the case of Full Members, unless the Board in its absolute discretion permits otherwise, on the 31st day of December of the calendar year following year of receipt by the Secretary of written notice from the Full Member of its intention to resign from Membership of the Company;
 - 9.1.3 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;
 - 9.1.4 in the case of Honorary Members, at the end of a period of one calendar month after the receipt by the Secretary of written notice from the Honorary Member of his/her intention to resign from Membership or upon the death of the Honorary Member;
 - 9.1.5 if, in the reasonable opinion of the Board, the Member ceases to hold the qualification rendering it eligible for Membership under Article 7 above;
 - 9.1.6 if at a meeting of the Board, a resolution be passed by not less than three-fourths of the members of the Board present and voting that it is undesirable that such Member shall remain a Member. No such resolution shall become effective unless the said 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;
 - 9.1.7 if all or part of that Member's Subscription and/or all or part of any levy and/or charge under Article 11.10 remains unpaid three calendar months after the date upon which it fell due. Such termination shall not become effective unless the said Member in the opinion of the Board, has been given reasonable opportunity to state its case, or to offer an explanation of its failure to pay the due Subscription, levy and/or charge.
- 9.2 Membership 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 of the Board 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 Subscription and other matters as the Board shall determine in its absolute discretion. No such resolution shall become effective unless the said 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.
- 10 **ENTRANCE FEE**
- 10.1 The entrance fee shall be such sum or sums (if any) as the Board may from time to time determine.

11 SUBSCRIPTIONS AND CHARGES

- 11.1 Each Member, except Honorary Members, shall pay an annual Subscription which shall be payable no later than the 1st day of January in each calendar year. Unless the Board in its absolute discretion determines otherwise, a Member admitted to Membership after the 1st day of January in any calendar year shall be liable for the Subscription for that year; and a Member admitted to Membership on or after the 1st day of March in any calendar year shall only be required to pay a Subscription that is equal to an amount based on the remaining days of that year. In such circumstances, for the purposes of Articles 12.3 and 22.4 below, the Secretary shall determine the new Member's Subscription tier on the basis of the Subscription which would have been payable if the Member had been admitted to Membership before the 1st day of March in that calendar year.
- 11.2 The amount of Subscription payable by Affiliate Members shall be determined from time to time by the Board in its absolute discretion which shall be payable in accordance with Article 11.1. The amount of Subscription payable by Full Members shall be determined from time to time in accordance with Articles 11.3-11.10 below.
- 11.3 Each Full Member shall forward to the Company's finance department not later than the 31st day of March in each calendar year, or by such other date as may be determined by the Board from time to time (or, in the case of newly admitted Full Members within one calendar month of admittance) a completed declaration of sales turnover in such form as is approved by the Board from time to time.
- 11.4 The Subscription payable by Full Members shall be determined from time to time by the Board, in accordance with Article 11.5.
- 11.5 When determining the Subscription payable by Full Members, the Board:
- 11.5.1 shall decide a formula for calculating the Subscription payable by Full Members which provides for two tiers of Subscription:
 - 11.5.1.1 a specified percentage of turnover for the declared turnover up to a set level (the "***Set Level***"); and
 - 11.5.1.2 a further percentage of turnover for that turnover beyond this Set Level.
 - 11.5.2 shall decide the percentages and the Set Level referred to in Article 11.5.1 above from time to time subject to approval at a general meeting by a simple majority of those Full Members present and voting; and
 - 11.5.3 shall decide a further formula for calculating the Subscription payable by Full Members whose turnover is lower than an amount specified by the Board (the "Smaller Companies' Subscription"). That formula and/or that turnover threshold (the "Smaller Companies' Threshold") shall be determined by the Board from time to time, subject to approval at a general meeting by a simple majority of those Full Members present and voting.

- 11.6 The Company's finance department shall notify each Full Member of the Subscription payable by that Full Member and shall receive, on behalf of the Company, the amount so payable. Details of the Subscription paid by Full Members shall be treated as confidential by the Company's finance department.
- 11.7 The Board may, in the first instance at its absolute discretion, call up part only of the Subscription due from Full Members. Should the Board exercise its discretion in accordance with this Article ~~11.7~~~~11.7~~, the remainder of the Subscription due may subsequently be called up at any time by the Board and shall be payable immediately upon call.
- 11.8 In the case of new Full Members with a turnover above the Smaller Companies' Threshold, the Subscription payable by such Full Member shall be at such percentages (or rates) as are determined by the Board from time to time subject to approval at a general meeting by a simple majority of those Full Members present and voting.
- 11.9 If a Full Member shall be acquired by another Full Member, or two or more Full Members shall merge (the "*Merging Companies*"), the amount of Subscription payable by the resulting Full Member (the "*New Company*") shall be:
- 11.9.1 in respect of the calendar year in which the acquisition or merger is completed the amount that would have been payable by each of the Merging Companies had the same acquisition or merger not taken place.
- 11.9.2 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:
- 11.9.2.1 the amount payable under the then current rules by the New Company; and
- 11.9.2.2 the difference between (i) the amount payable under the then current rules by the New Company for that year, and (ii) 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 Full Members involved had the acquisition 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% |
- 11.9.3 from and inclusive of the sixth calendar year after the Transitional Period, the New Company shall pay the Subscription payable pursuant to Articles 11.3-11.10.

11.10 In addition, each Full 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.

11.11 Where the Board duly passes a resolution to expel a Member in accordance with Article 9.1.6, the expelled Member shall remain liable to pay the Subscription due in that calendar year.

12 BOARD

12.1 The Company shall be incorporated with an initial Director. Upon the written resignation of the initial Director appointed on incorporation, the existing board of management of the unincorporated association known as the “*Association of the British Pharmaceutical Industry*” shall be appointed as members of the Board at 00.01am on the 1st day of January 2016.

12.2 The Board shall consist of the following:

12.2.1 twelve persons representing Full Members whose Subscription payable exceeds an amount specified by the Board and agreed by the Full Membership from time to time (“*Specified Level*”), similarly elected only by those Full Members whose Subscription exceeds the Specified Level;

12.2.2 two persons representing Full Members whose Subscription payable is below the Specified Level, similarly elected only by those Full Members whose Subscription payable is below the Specified Level;

12.2.3 the President, who shall be a member ex officio; and

12.2.4 such additional members as are co-opted in accordance with Article ~~12.8~~12.8 below.

12.3 In an election for membership of the Board, each Full Member shall have tiered voting rights relative to their Subscription tier. A Full Member’s Subscription tier shall be determined by the Secretary, following a review of the data currently available to him. Each Full Member shall then be allocated up to a maximum of eight ballot papers, to be determined as follows:

Subscription Payable (GBP)	Number of Ballot Papers
2,500-50,000	1
50,001-100,000	2
100,001-150,000	3
150,001-200,000	4
200,001-300,000	5
300,001-400,000	6

400,001-550,000	7
550,001+	8

- 12.4 The members of the Board elected under Article ~~12.2.1~~ 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. The members of the Board elected under Article ~~12.2.2~~ 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 members of the Board elected under Article 12.2.1 who have served the longest since their last election. Retiring elected members of the Board shall be eligible for re-election.
- 12.5 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 its absolute discretion. In the event of persons receiving an equal number of votes, those to be elected shall be decided by lot.
- 12.6 In the event of any vacancy among the elected members, an election may, at the absolute 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. Where an election is held to fill more than one vacancy among the members elected under Article 12.2.1, and where the remaining periods for the vacant positions are of differing lengths, those persons receiving the most votes will be allocated the seat(s) with the longest period remaining until their expiry. In the event of persons receiving an equal number of votes, those to be allocated the seat(s) with the longest period remaining until their expiry shall be decided by lot.
- 12.7 Where, within a period of two calendar months prior to the invitation in any year to nominate candidates for election as members of the Board ("**New Board Members**") to serve in place of the six elected members of the Board whose period of service expires at the conclusion of the next annual general meeting;
- 12.7.1 any casual vacancy has occurred amongst the elected members of the Board whose period of service continues beyond the annual general meeting ("**Continuing Board Members**"); or
- 12.7.2 a vacancy will occur because one of the Continuing Board Members of the Board has been elected as President of the Company for the forthcoming year;
- the Board may, in its absolute discretion, hold the election to fill the casual vacancy required by Article 12.6 jointly with the election of the New Board Members. In the event of a joint election, the six persons elected who receive the greatest number of votes shall serve as the New Board Members for a period of two years in accordance with Article 12.4 above, 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 Board Members shall be decided by lot.

- 12.8 Unless and until the Board determines otherwise, 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 in its absolute discretion but shall retire from office on the day of the next annual general meeting, or at any time if the Board so decides in its absolute discretion. Unless otherwise determined by the Board, any retiring co-opted member shall only be eligible for further co-option if he has first put himself forward as a candidate to fill any vacancy on the Board and been unsuccessful.
- 12.9 The Board shall adopt such measures from time to time to ensure that there shall at all times be effective representation on the Board across the breadth of the Membership and that all necessary skills and experience are available.
- 12.10 The qualification for a member of the Board other than a co-opted member shall be that he be (i) resident in the United Kingdom, and (ii) unless the Board in its absolute discretion permits otherwise, the UK General Manager or equivalent of a Full Member which is not currently suspended from membership for any reason.
- 12.11 No Full Member may be represented on the Board by more than one elected or one co-opted member of the Board. The Full Member represented by the President may in addition be represented by one co-opted member of the Board.
- 12.12 A member of the Board shall cease to hold office:
- 12.12.1 if at any time he ceases to hold the qualification required by Article ~~12.10~~12.10 above; or
 - 12.12.2 if he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - 12.12.3 if he becomes incapable by reason of unsound mind, illness or injury of managing and administering his property and affairs.
 - 12.12.4 if his written resignation as a member of the Board is accepted by the Board; or
 - 12.12.5 if for any reason he is no longer employed by the Full Member which employed him at the time of his election to the Board; or
 - 12.12.6 if for any reason the Full Member which employs him is suspended from membership for any period of time; or
 - 12.12.7 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 of the Board present and voting that it is undesirable that he shall remain a member of the Board.

13 POWERS AND DUTIES OF THE BOARD

- 13.1 The business of the Company shall be managed by the Board which may exercise all the powers, authorities and discretions of the Company in general meeting subject to the provisions of the 2006 Act and these Articles, and to such regulations being not inconsistent with the aforesaid provisions as may be prescribed by the Company in general meeting.
- 13.2 No regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
- 13.3 The Board may make from time to time such rules or bye-laws not inconsistent with the 2006 Act and these Articles as it considers to be in the best interests of the Company, subject always to any extension, modification or repeal thereof resolved to be made by the Members in general meeting, and such rules or bye-laws shall be deemed not to form part of these Articles and shall be construed separately from these Articles except as such rules or by-laws may provide to the contrary but nevertheless shall be binding on the Members and the Board.
- 13.4 The Board shall, on behalf of the Members, appoint or authorise the appointment of the Executives together with such other staff as it considers appropriate and may determine their duties and conditions of service.
- 13.5 The Board shall cause a record to be made:
- 13.5.1 of all the appointments of officers made by the Board;
 - 13.5.2 of the names of the members of the Board present at each meeting of the Board and any sub-committee thereof; and
 - 13.5.3 of all resolutions, proceedings and business at all meetings of the Company, the Board and of any Board sub-committee and any minutes of any meetings, if purporting to be signed by the chairman of such meeting shall be sufficient evidence without any further proof of the facts therein stated.

14 PROCEEDINGS OF THE BOARD

- 14.1 The Board may meet together for the despatch of business, adjourn, and otherwise regulate its meetings, as it thinks fit. A member of the Board may, and the Secretary on the requisition of a member of the Board shall, at any time summon a meeting of the Board.
- 14.2 Questions put to the Board shall be decided by a majority of votes. Where a question is put to the Board, Full Members represented on the Board shall be entitled to have their views expressed by the casting of a single vote. Therefore, if the Full Member represented by the President is also represented by a co-opted member of the Board, only one of those Board members would be entitled to vote. The only exception to this is where another vote is necessary in order to determine a result, in which case the President may cast a final, tie-breaking vote. Although he does not have a vote, the Board is expected to consider, and give appropriate weight to, the thoughts of any Chief Executive Officer appointed by the Board whenever a question is put to the Board.

- 14.3 Any member of the Board may call a meeting of the Board by giving notice of the meeting to the Board or by authorising the Secretary to give such notice. Notice of any meeting of the Board must indicate:
- 14.3.1 its proposed date and time;
 - 14.3.2 where it is to take place; and
 - 14.3.3 if it is anticipated that members of the Board 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.
- 14.4 Notice of a meeting of the Board must be given to each member of the Board, but need not be in writing.
- 14.5 Notice of a meeting of the Board need not be given to members of the Board who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.
- 14.6 It shall not be necessary to give notice of a Board meeting to any Board member for the time being absent from the United Kingdom unless such Board member has given the Company notice of his address abroad.
- 14.7 At a meeting of the Board, unless a quorum participates, no proposal may be voted on, except a proposal to call another meeting. The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed shall be, and in any case, shall never be less than five, or where there is only one initial Director in office pursuant to Article 12.1, that initial Director.
- 14.8 The President shall chair all meetings of the Board at which he President is present, but in his absence, the Board shall elect another person to chair that meeting. Unless he too is absent from the meeting, this would usually be the Vice-President.
- 14.9 All acts bona fide done by any meeting of the Board or of any sub-committee, or by any person acting as a member of the Board or any sub-committee shall, notwithstanding it be afterwards discovered that there was some defect in the appointment or continuance in office of any such member, or that any such member was disqualified, be as valid as if every such person had been duly appointed or had duly continued in office.
- 14.10 The Board shall hold at least four meetings in every calendar year at intervals of not more than four calendar months between each.
- 14.11 A resolution in writing signed by all the members for the time being of the Board or of any committee of the Board who are entitled to receive notice of a meeting of the Board or of such committee shall be as valid and effectual as if it had been passed at a meeting of the Board or of such committee duly convened and constituted.
- 14.12 The members of the Board participate in a meeting of the Board when the meeting has been called and takes place in accordance with these Articles, and they can each

communicate to the others on the business of the meeting. In determining whether Directors are participating in a meeting of the Board, it is irrelevant where any member of the Board is located and/or how they communicate with each other.

- 14.13 If all the members of the Board participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any one of them is located.

15 **THE BOARD MAY DELEGATE**

- 15.1 The Board may delegate any of the powers which are conferred on them under these Articles-

15.1.1 to such person(s) or committee(s);

15.1.2 by such means (including by power of attorney);

15.1.3 to such an extent;

15.1.4 in relation to such matters or territories; and

15.1.5 on such terms and conditions;

as they think fit.

- 15.2 If the Board so specify, any such delegation may authorise further delegation of the Board's powers by any person to whom they are delegated.

- 15.3 The Board may revoke any delegation in whole or part, or alter its terms and conditions.

16 **PRESIDENT & VICE-PRESIDENT**

- 16.1 Without prejudice to the first sentence of Article 14.8 above, the President shall fulfill the office of chairman of the Board and shall be an ex officio member of all committees and task forces of the Company, with the exception of any committees or similar bodies which adjudicate upon complaints made under any code of practice adopted by the Company.

- 16.2 The President and Vice-President shall each be elected annually by the Board and shall hold office from the day after the annual general meeting next following their election until the day of the next annual general meeting. The retiring President and Vice-President shall be eligible for re-election, except that a person may not hold office as the President or the Vice-President for more than two consecutive years. For the avoidance of doubt, such term limits do not apply where it is intended for the Vice-President to become the next President, or vice versa.

- 16.3 If the office of President or Vice-President becomes vacant, the Board may in its absolute 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.

17 COMMITTEES

- 17.1 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.
- 17.2 Unless the Board decides otherwise, all committees shall go out of office at the expiration of 60 days after the annual general meeting in each calendar year but any or all of the committees may be reconstituted or re-appointed in the absolute discretion of the Board.
- 17.3 Unless specifically provided otherwise by the Board, any committee may appoint such task forces as may be thought fit.

18 CHIEF EXECUTIVE OFFICER

- 18.1 The Board may appoint a Chief Executive Officer to lead the Company for such term, at such remuneration and on such conditions as they may think fit. If so agreed by the Board, the President may take such steps as are necessary or desirable from time to time to remove such person and/or to terminate the employment of the Chief Executive Officer, and to appoint a replacement. The Chief Executive Officer shall be entitled to attend and, if invited by the chairman of the meeting, speak at all general meetings and all meetings of the Board, unless such meeting relates to the actual or potential removal and/or termination of the Chief Executive Officer.

19 SECRETARY

- 19.1 The Board may appoint any person who is willing to act as the Secretary for such term, at such remuneration and on such conditions as they may think fit and from time to time remove such person and appoint a replacement. The Secretary shall be entitled to attend and, if invited by the chairman of the meeting, speak at all general meetings and all meetings of the Board, unless such meeting relates to the actual or potential removal and/or termination of the Secretary.

20 GENERAL MEETINGS

- 20.1 The Company shall hold at least two general meetings in each calendar year, one of which shall be the annual general meeting, at such time and place as may be determined by the Board, and shall specify the meeting as such in the notices calling it.
- 20.2 The business of the annual general meeting shall be the appointment of auditors, the receiving of accounts, the presentation of the annual report, approving proposed changes to any code of practice adopted by the Company, the results of recent elections for members of the Board in place of those retiring and any other competent business.
- 20.3 In addition, a general meeting may at any time be called by direction of (i) the President (ii) the Board or (iii) the Executives, and shall be called upon a request in writing to the Secretary signed on behalf of at least five Full Members for the discussion of any special subject(s) of which notice shall be given by those who wish the meeting to be called. No business shall be transacted at a general meeting save such as is specified in the notice of it given to Members.

- 20.4 At all general meetings eight Full Members (attending in person by representative or by proxy) shall form a quorum.

21 NOTICES OF GENERAL MEETINGS

- 21.1 The Secretary shall give all 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 general meeting. If necessary, a supplementary agenda may be sent not less than three days before the general meeting provided it does not contain notice of any new resolution requiring a longer period of notice. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.
- 21.2 The notice shall be given, in manner mentioned below or in such other manner (if any) as may be prescribed by the Company in general meeting, to all the Members, to the members of the Board and to the auditors provided always that any general meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed by all the Full Members entitled to attend and vote in the case of an annual general meeting and in the case of any other general meeting a majority in number of the Full Members having the right to attend and vote being a majority together holding not less than 95 per cent of the total voting rights at that meeting of all the Full Members. The accidental omission to give notice of a general meeting to, or the non-receipt of such notice by, any person entitled to receive notice thereof shall not invalidate any resolution passed, or proceedings, at any general meeting.
- 21.3 A notice convening a general meeting must indicate the place, date and time of it, set out and describe as such all proposed special and ordinary resolutions, specify if it is to be an annual general meeting, and describe generally the nature of all intended business, except the routine business at an annual general meeting described in Article ~~20.1~~20.2 above.
- 21.4 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.
- 21.5 Each general meeting shall be presided over by the President or in his absence, the person elected as chairman at the meeting. Unless he too is absent from the meeting, this would usually be the Vice-President.

22 VOTING AT MEETINGS

- 22.1 At any general meeting, every Full Member shall have one vote, save as provided for in Article 22.4 below. Each Full Member shall delegate a representative (or representatives where appropriate) to vote on its behalf. Votes at any general meeting may be given by the Full Member's representative in person or by proxy. A Full 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 Full Member and identify the person appointed to be that Full Member's proxy and the general meeting in relation to which that person is appointed and shall be in such form as the Board shall determine.

- 22.2 The instrument appointing a proxy shall be deposited at the Company's registered office, as specified in the notice convening the general meeting, not less than 48 hours before the time for holding the general meeting at which the proxy proposes to vote. An instrument of proxy that is not deposited accordingly shall be invalid.
- 22.3 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given. 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.
- 22.4 At any general meeting, the chairman may declare a matter exceptional. An exceptional matter is determined to be such by the chairman in his sole discretion, having consulted with the Executives. In such a case, each Full Member shall have tiered voting rights on such exceptional matter relative to their Subscription tier. A Full Member's Subscription tier shall be determined by the Secretary, following a review of the data currently available to him. Each Full Member shall then be allocated up to a maximum of eight votes, to be determined as follows:

Subscription Payable (GBP)	Number of Votes
2,500-50,000	1
50,001-100,000	2
100,001-150,000	3
150,001-200,000	4
200,001-300,000	5
300,001-400,000	6
400,001-550,000	7
550,001+	8

- 22.5 Voting at all general meetings shall be by show of hands or ballot in the absolute discretion of the chairman and all motions shall, subject to any exceptions set out in these Articles, be determined by a majority of the total voting rights at that meeting of all the Full Members. The chairman shall have an original and also a casting vote.
- 22.6 Upon any question being declared carried by a majority of those present, any three of the Full Members in the minority may demand a secret ballot of all Full 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 President (or the chairman in the absence of the President) 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.
- 22.7 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.

23 WRITTEN RESOLUTIONS

23.1 A resolution in writing agreed by a simple majority (or in the case of a special resolution as defined in the 2006 Act by a majority of not less than 75%) of the total voting rights of all the Full Members who would have been entitled to vote upon it had it been proposed at a general meeting shall be effective provided that:

23.1.1 a copy of the proposed resolution has been sent to every eligible Member;

23.1.2 a simple majority (or in the case of a special resolution a majority of not less than 75%) of the total voting rights of all the Full Members has signified its agreement to the resolution; and

23.1.3 it is contained in an authenticated document which has been received at the registered office within the period of 28 days beginning with the circulation date.

23.2 A resolution in writing may comprise several copies to which one or more Full Members have signified their agreement.

24 ACCOUNTS

24.1 The Company shall cause accounting records to be kept in accordance with the 2006 Act. Such records shall be kept at the registered office or, subject to the provisions of the 2006 Act, at such other place or places as the Board thinks fit and shall always be open to the inspection of the officers of the Company and the Board.

24.2 The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members and no such Member shall have any right to inspect any accounts or book or document of the Company except as conferred by the 2006 Act or authorised by the Board or the Company in general meeting.

24.3 The Board shall, from time to time, cause to be prepared and laid before the Company in general meeting such statements of accounts and reports as are required by the 2006 Act.

24.4 A copy of every statement of accounts (including every document required by law to be annexed to it) which is to be laid before the Company in general meeting and the report of the Board shall, not less than 14 days before the date of the meeting, be sent to every Member and every person entitled to receive notice of general meetings.

24.5 The Company shall comply with all obligations for the examination or audit of accounts and the appointment of auditors (where required) pursuant to the provisions of the 2006 Act.

25 NOTICES AND OTHER FORMAL COMMUNICATIONS

- 25.1 Any Communication may be given to any Member either personally, by post or electronically (including email) by sending it to that Member's last known postal address as recorded in the Register of Members or to that Member's last known electronic address as notified to the Secretary from time to time. If a Member changes the name and/or address from the one provided to the Secretary for entry in the Register of Members, written notice shall be given to the Secretary of that change within one month . The Company may deliver or serve, where appropriate, any Communication by making it available on a website and notifying the Member of its availability in accordance with this Article 25.
- 25.2 Any Communication served or delivered personally or by hand shall be deemed to have been received on the day when it was served or delivered.
- 25.3 Any Communication sent by post shall be deemed to have been served or delivered on the day after the day when it was put in the post (or, where second class post is used, on the second day after the day when it was put in the post). Proof that an envelope containing the Communication was properly addressed and put into the post as a prepaid letter shall be conclusive evidence that the Communication was received.
- 25.4 Any Communication if served, sent or supplied electronically, shall be deemed to have been given on the day on which the electronic communication was sent by or on behalf of the Company notwithstanding that the Company may subsequently send a hard copy of that Communication by post. Any Communication made available on a website shall be deemed to have been received on the day on which the Communication was first made available on the website or, if later, when a notice of availability is received or deemed to have been received pursuant to this Article 25. Proof that the Communication was properly addressed shall be conclusive evidence that the electronic Communication was received
- 25.5 Notice of every general meeting shall be given in any manner in which a Member can be given a Communication as authorised by these Articles to every Member, to the auditors of the Company for the time being and to the Executives. No other person shall be entitled to receive notice of general meetings.
- 25.6 Subject to Article 14, any Communication sent to the Board shall be given in any manner in which a Member can be given a Communication as authorised by these Articles.

26 MEMBERS' INTERESTS

- 26.1 Except with regard to obligations specifically laid down in these Articles, no decision of the Board or of the Company in general meeting shall be construed as obliging any Member to do anything which is considered by that Member to be contrary to its best interests.
- 26.2 The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Executive or employee of the Company who has held but no longer holds any executive office or employment with the Company or with any predecessor in business of the Company, 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.

27 INTERESTS OF MEMBERS OF THE BOARD

27.1 If a proposed decision of the Board is concerned with an actual or proposed transaction or arrangement with a company or other organisation in which a member of the Board is interested, or if a decision at a Board meeting shall be construed as obliging any Board member to do anything which he perceives to be contrary to the best interests of his Member company, that Board member shall excuse himself and, subject to the remainder of this Article 27, is not to be counted as participating in the decision-making process for quorum or voting purposes.

27.2 If Article ~~27.3~~ applies, a member of the Board who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in the decision-making process for quorum and voting purposes.

27.3 This Article applies when:

27.3.1 The Company by ordinary resolution disapplies the provision of these Articles which would otherwise prevent a Board member from being counted as participating in the decision-making process;

27.3.2 The Board member's interest cannot reasonable be regarded as likely to give rise to a conflict of interest; or

27.3.3 The Board member's conflict of interest arises from a permitted cause.

27.4 For the purposes of this Article, the following are permitted causes:

27.4.1 a guarantee given, or to be given, by or to a Board member in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;
and

27.4.2 arrangements pursuant to which benefits are made available to employees and Board members or former employees and Board members of the Company or any of its subsidiaries which do not provide special benefits for directors or former Board members.

27.5 Subject to Article 27.6, if a question arises at a meeting of the Board or of a Board committee as to the right of a Board member to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the President whose ruling in relation to any Board member other than the President is to be final and conclusive.

27.6 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the President, the question is to be decided by a decision of the Board members at that meeting, for which purpose the President is not to be counted

as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

28 AFFILIATED BODIES

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

29 INDEMNIFICATION

29.1 Subject to the provisions of the 2006 Act and to any other legislation affecting the Company, the Company shall indemnify out of the assets of the Company all members of the Board, the Executives, former trustees of the Company's property, members of the Prescription Medicines Code of Practice Authority and Code of Practice Appeal Board, all members of any committee or task force, past and present employees of the company and all others acting on behalf of the Company whether paid or unpaid in respect of all actions, claims and damages 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 or about the business of the Company.

30 ALTERATION OF ARTICLES

30.1 No modification of or addition to these Articles shall be made unless such modification or addition shall have been approved by a special resolution of Full Members in accordance with section 21 of the 2006 Act.