

DIRECTORS UK

Articles of Association

Executive Summary

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Background

A Governance Review has been conducted by Prue Skene in which a number of recommendations have been made. Changes to our current Articles of Association are proposed in order to carry out those recommendations. These changes ensure we are compliant with the Companies Act 2006 and the CRM Regulations. The proposed amendments to 6 articles which require approval at this Annual General meeting are as follows:

Amendments

Co Option of non-members of DIRECTORS UK to the Board.

Article 46.1.2

Co-option of non-members of the Company to the board is currently permitted, pursuant to Article 42. However, articles 46.1.2 states that the office of a member of the Board shall be vacated if he ceases to be a Member of the Company. This article has been amended to ensure that it is clear that a Board member does not also have to be a Member of Directors UK. By adopting this change to Article 46.1.2 Directors UK ensures that there are no preclusions to a non -member of Directors UK sitting on the board.

Policy for Unacceptable Behaviour towards members of staff.

Article 14.

Directors UK has adopted a new Policy for Unacceptable Behaviour towards members of staff at Directors UK. A disciplinary procedure has also been introduced to deal with any breaches of the Policy or any appeals made by members against any sanctions imposed by Directors UK. By codifying this updated Article Directors UK is seeking to ensure Members' compliance with the Policy.

There are some consequential amendments to which reference is made below.

The numbering refers to the numbering in the proposed new Articles.

1.10 This introduces the definition of the new Policy. It refers to the ability to vary it from time to time as necessary.

14.1 This provision imposes an obligation on Members to comply with the Policy.

Changes to the Supervisory Committee- Articles 60

This article already allows for a Supervisory Committee to be set up to continuously monitor the activities and the performance of the duties of the persons who manage the business of Directors UK. The word "shall" has been substituted for the word "may" in order to allow the Board to choose to delegate the role and function of the Supervisory Board to a separate committee of the Board / or the management board, who will be answerable still to the Board.

Conflict of Interest- Article 60.2

To help to protect the directors from allegations of breach of directors' duties, and the personal liability that may flow from the same, the conflict provisions contained in Article 56 now specifically apply to the Supervisory Committee as well as the Board of Directors.

Members of the Supervisory Committee- Article 60.1 and 60.4

We have extended the wording of Article 60.1 and 60.4 to include the possibility that non-directors may also be subject to supervision by the Supervisory Committee.

CAB May 2019