

THE COMPANIES ACT 1985 TO 2006

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

MEMORANDUM AND ARTICLES OF ASSOCIATION

of



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THE COMPANIES ACT 1985

**COMPANY LIMITED BY GUARANTEE AND NOT HAVING
A SHARE CAPITAL**

MEMORANDUM OF ASSOCIATION

of



(Amended by Special Resolution passed 26th October 2004)

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- 1 The Company's name is "HBOS FOUNDATION" (hereinafter called "the Foundation").

 - 2 The Foundation's registered office is to be situated in Scotland.

 - 3 (a) The Foundation is established for charitable objects and purposes only.
(b) In furtherance of the said objects, but not further or otherwise, the Foundation may exercise the following powers:
 - (i) to make grants or loans of money, or other assets, including loans on favourable terms, and loans both secured and unsecured that do not require the borrower to pay interest or other money to the Foundation on or for the sum, or property, borrowed and to make such loans even when the Foundation knows that a borrower may be unable to repay, some or all of the amount of the loan to such borrower;
 - (ii) to raise funds for and to make donations to charities which donations may represent the whole or any part of the income of the Foundation for any accounting period or be made out of any other monies of the Foundation and generally to establish, promote, form and support or aid in the establishment, promotion and formation and support of any charity and to subscribe or guarantee money for charitable purposes in any way connected with or calculated to further the objects of the Foundation;
 - (iii) to receive, allocate and administer subscriptions, donations, grants, contributions, gifts or bequests made available to the Foundation for its objects, under the terms and conditions referable to such subscriptions, donations, grants, contributions, gifts or bequests and generally to manage, invest and expend all monies belonging to the Foundation;
 - (iv) to organise, promote and manage or cause to be organised, promoted or managed fundraising activities, to issue appeals, hold public meetings and take such steps as may be deemed necessary or desirable for the purposes

- of procuring contributions to the funds of the Foundation by way of donations or otherwise;
- (v) to purchase, take on lease or in exchange, hire or otherwise acquire and hold any heritable or moveable, real or personal property and to maintain and alter any of the same as are necessary for any of the objects of the Foundation and (subject to such consents as may be required by law) to sell, lease or otherwise dispose of or mortgage any such heritable or moveable, real or personal property and to issue or grant any mortgage, charge, standard security, lien or other security upon all or any part of its property or assets whether present or future;
 - (vi) to retain all or part of the monies of the Foundation not immediately required for its objects in money or liquid form and to invest the same in interest bearing accounts or deposits; to invest the monies of the Foundation not immediately required for its objects in or upon such other investments and such securities or properties as may be thought fit, 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;
 - (vii) to set aside funds for special purposes or as reserves against future expenditure;
 - (viii) to assist any person, body or bodies financially or otherwise in the furtherance of the objects set out in (a) above;
 - (ix) to borrow or raise money for the objects of the Foundation on such terms and (with such consents as are required by law) on such security as may be thought fit and to issue any debentures or debenture stock, whether perpetual, irredeemable or otherwise;
 - (x) to write off, and waive, either wholly or in part, any loan made by the Foundation, and to release the debtor from some or all of his obligations in respect of such loan;
 - (xi) to apply for, register, purchase or otherwise acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere, any patents, designs, trade marks, licences, concessions and the like, conferring an exclusive or non-exclusive or limited right of user or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Foundation or the acquisition of which may seem calculated directly or indirectly to benefit the Foundation, and to use, exercise, develop, grant licences or privileges in respect of or otherwise turn to account any rights and information so acquired;
 - (xii) to provide advice and to publish or distribute information;
 - (xiii) to hold exhibitions, meetings, lectures, classes, seminars and courses either alone or with others;
 - (xiv) to foster, sponsor and carry out research and to disseminate the results of any such research;
 - (xv) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts;

- (xvi) to enter into any arrangement with, or co-operate with, any institution, corporation, company, association, firm or person or with any government or public authority (supreme, municipal, local or otherwise) that may seem conducive to the attainment of the Foundation's objects or any of them, and to obtain from any such government or public authority any charters, decrees, rights, privileges or concessions which the Foundation may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges and concessions;
- (xvii) to employ and remunerate any person or persons to, and take on secondees to, supervise, organise, carry on the work of and advise the Foundation and to remunerate any person(s) or company for any services provided by them to the Foundation;
- (xviii) to insure and arrange insurance cover for and to indemnify the Foundation's officers, employees, and voluntary workers from and against all risks incurred in the course of the performance of their duties as may be thought fit including without prejudice to the foregoing generality against the costs of a successful defence to a criminal prosecution brought against an officer as a trustee or against personal liability incurred in respect of any act or omission which is or is alleged to be a breach of trust or breach of duty, unless the officer concerned knew that, or was reckless whether, the act or omission was a breach of trust or breach of duty;
- (xix) subject to the provisions of clause 4 hereof, to establish and support pension and superannuation schemes for the benefit of persons employed by the Foundation and to grant pensions or retiring allowances to persons who have been employed by the Foundation or to their dependants;
- (xx) to transfer all or any part of the undertaking, assets and liabilities of the Foundation to or to take over, federate or amalgamate with, or to affiliate or become affiliated to any other institution, company or association having charitable objects similar in whole or in part to those of the Foundation provided that any such institution, company or association is prohibited from the payment of dividend, bonus or profit to its members at least to as great an extent as such payment is prohibited to members of the Foundation and further provided that this paragraph shall not authorise anything which shall prevent the Foundation from properly and usefully carrying out its functions as contemplated by this Memorandum of Association;
- (xxi) to form any subsidiary to further or to assist in carrying out the objects of the Foundation, whether directly or indirectly;
- (xxii) to pay out of the funds of the Foundation the costs, charges and expenses of and incidental to the formation and registration of any subsidiary company formed to further or to assist in carrying out the objects of the Foundation;
- (xxiii) to offer to co-operate and enter into arrangements with authorities, national, local or otherwise;

- (xxiv) to procure the Foundation to be registered in any country or place;
- (xxv) to create, promote, organise and administer projects, courses and developments in any part or parts of the world;
- (xxvi) to do all or any of the above administrations in any part of the world, either alone or in conjunction with others and either as principals, agents, contractors, trustees or otherwise and either by or through agents, sub-contractors, trustees or otherwise;
- (xxvii) to do all such other things as may be incidental or conducive to the Foundation's objects or any of them.
PROVIDED that:
 - (xxviii) in case the Foundation shall take or hold any property which may be subject to any trusts, the Foundation shall only deal with or invest the same in such manner as allowed by law, having regard to such trusts;
 - (xxix) the objects of the Foundation shall not extend to the regulation of relations between workers and employers or organisations of workers and organisations of employers.

4 The income and property of the Foundation shall be applied solely towards the promotion of its objects as set forth in this Memorandum of Association and no proportion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit, to members of the Foundation, and no trustee shall be appointed to any office of the Foundation paid by salary or fees or receive remuneration or other benefit in money or money's worth from the Foundation.

Provided that nothing herein shall prevent any payment in good faith by the Foundation

- (a) of reasonable and proper remuneration for any services rendered to the Foundation by any officer or servant of the Foundation who is not a trustee;
- (b) of reasonable and proper rent for premises hired or let by any member of the Foundation or its trustees;
- (c) of fees, remuneration or other benefit in money or money's worth to a company of which a trustee may be a member holding not more than 1/100th part of the issued share capital of that company or of which a trustee may be a director or employee; and
- (d) to any trustee of out of pocket expenses.

5 The liability of the members is limited.

6 Every member of the Foundation undertakes to contribute such amount as may be required (not exceeding £1.00) to the Foundation's assets, if it should be wound up while he is a member, or within one year after he ceases to be a member, for payment of the Foundation's debts and liabilities contracted before he ceases to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves.

7 If upon the winding up or dissolution of the Foundation there remains, after the satisfaction of all its debts and liabilities, any property whatsoever the same shall not be paid to or distributed among the members of the Foundation, but shall be applied in one or both of the following ways:-

- (a) directly for the objects of the Foundation or charitable purposes within or similar to the objects;
- (b) by transfer to some other charity or charities having objects similar to the Foundation's objects, which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Foundation under or by virtue of Clause 4 hereof, such charity or charities to be determined by the members of the Foundation at or before the time of dissolution.

If and so far as effect cannot be given to this provision, then the property will be distributed to some other charitable institution.

8 The provisions hereof, may, subject to the approval of HBOS, be amended in accordance with the Act provided that no amendment shall be made which could have the effect of the Foundation ceasing to be recognised as a charity.

Words and expressions defined in the Articles have the same meanings in this Memorandum.

THE COMPANIES ACT 1985

**COMPANY LIMITED BY GUARANTEE AND
NOT HAVING A SHARE CAPITAL**

ARTICLES OF ASSOCIATION

of



.....

INTERPRETATION

1. In the Memorandum and these Articles

“the Act” means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force and any provisions of the Companies Act 2006 for the time being in force.

“the articles” means the Articles of Association of the Foundation.

“charity” means any corporation, unincorporated association, society, body of persons or trustees of any trust established in each case for charitable purposes only.

“clear days” in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given but including the day for which it is given or on which it is to take effect.

“communication” means the same as in the Electronic Communications Act 2000.

“the trustees” or “the Board” means the directors of the Foundation for the time being as a body or (as the context may require) the board of directors of the Foundation, or the directors present at a meeting of the directors at which a quorum is present.

“executed” includes any mode of execution.

“HBOS” means HBOS plc, a company incorporated under the Companies Acts (No. SC218813).

“HBOS Group Company” means HBOS, any holding company of HBOS, any subsidiary of HBOS and any other subsidiary of any holding company of HBOS and “a member of the HBOS Group” shall be construed accordingly.

“the Income Tax Acts” has the meaning given in the Interpretation Act 1978.

“the memorandum” means the Memorandum of Association of the Foundation.

“Office” means the registered office of the Foundation.

“secretary” means the secretary of the Foundation or any other person appointed to perform the duties of the secretary of the Foundation, including a joint, assistant or deputy secretary.

“Trustee Appointment Policy” means such policy regarding trustee appointments as may be promulgated and amended by the trustees from time to time.

“the United Kingdom” means Great Britain and Northern Ireland.

Words importing the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting individuals shall include corporations.

References to names of corporations shall unless inconsistent with the subject or context include their respective successors.

Unless the context otherwise requires, words or expressions contained in these articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these articles become binding on the Foundation.

OBJECTS

2. The Foundation is established for the objects expressed in the memorandum.

MEMBERS

3.
 - (a) The subscribers to the memorandum shall be the first members of the Foundation and the first trustees. Thereafter the trustees for the time being shall be the members of the Foundation.
 - (b) Every member of the Foundation who is not a subscriber to the memorandum shall deliver to the Office a consent in writing to become a member.
 - (c) Any member who ceases at any time to be a trustee shall thereupon cease to be a member.
4. The rights of a member shall be personal and membership shall not be transferable and shall cease on death.

NOTICE OF GENERAL MEETINGS

5. [*blank*].
6. The trustees may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting in accordance with the provisions of the Act. If there are not within the United Kingdom sufficient trustees to call a general meeting, any trustee may call a general meeting.
7. General meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety per cent of the total voting rights at the meeting of all the members.

The notice shall specify the time and place of the meeting and, in the case of special business only, the general nature of the business to be transacted.

The notice shall be given to all the members and to the auditors.

8. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

PROCEEDINGS AT GENERAL MEETINGS

9. No business shall be transacted at any general meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member (and one of which is an employee of a member of the HBOS Group) or a proxy for such member or a duly authorised representative of a corporation, shall be a quorum.
10. If such a quorum is not present within thirty minutes from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or such other day and at such other time and place as the trustees may determine, and if at the adjourned meeting a quorum is not present within thirty minutes from the time appointed therefor the members present shall be a quorum.
11. The chairman, if any, of the board of trustees or in his absence some other trustee nominated by the trustees shall preside as chairman of the meeting, but if neither the chairman nor such other trustee (if any) be present and willing to act within ten minutes after the time appointed for holding the meeting, the trustees present shall elect one of their number to be chairman and, if there is only one trustee present and willing to act, he shall be chairman.
12. If no trustee is willing to act as chairman, or if no trustee is present within ten minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
13. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn business from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
14. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:-
 - (a) by the chairman; or
 - (b) by at least two members having the right to vote at the meeting; or
 - (c) by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting;and a demand by a person as proxy for a member shall be the same as a demand by the member.

15. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
16. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
17. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
18. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.
19. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
20. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
21. [*blank*].

VOTES OF MEMBERS

22. On a show of hands every member who (being an individual) is present in person or by proxy or (being a firm or corporation) is present by a duly authorised representative or by proxy, unless the proxy (in either case) or the representative is himself a member entitled to vote, shall have one vote and on a poll every member present in person, by a duly authorised representative or by proxy shall have one vote.
23. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a

poll, vote by proxy. Evidence to the satisfaction of the trustees of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

24. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

25. The appointment of a proxy shall be executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the trustees may approve):-

“HBOS Foundation”

I/We,, of being a member/members of the above named Company, hereby appoint of, or failing him, of as my/our proxy to vote in my/our name(s) and on my/our behalf at the general meeting of the Company to be held on 20..., and at any adjournment thereof.

Signed on 20...”

26. Where it is desired to afford members an opportunity of instructing the proxy how he shall act the appointment of a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the trustees may approve):-

“HBOS Foundation”

I/We,, of being a member/members of the above named Company, hereby appoint of, or failing him, of, as my/our proxy to vote in my/our names[s] and on my/our behalf at the general meeting of the Foundation, to be held on 20..., and at any adjournment thereof

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No. 1 * for * against

Resolution No. 2 * for * against

**Strike out whichever is not desired.*

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed on 20...”

27. The appointment of a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the trustees may:-
- (a) in the case of an instrument in writing be deposited at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Foundation in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (b) in the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:-
 - (i) in the notice convening the meeting, or
 - (ii) in any instrument of proxy set out by the Foundation in relation to the meeting; or
 - (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Foundation in relation to the meeting,be received not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;
 - (c) in the case of a poll taken more than 48 hours after it is demanded, be deposited or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
 - (d) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any trustee;

and an appointment of proxy which is not deposited, delivered or received in a manner so permitted shall be invalid.

In this regulation and the next "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.

28. A vote given or poll demanded by proxy or by the duly authorised representative of a firm or corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Foundation at the office or at such other place at which the instrument of proxy was duly deposited or, where the appointment of the proxy was contained in an electronic communication, at the address at which such appointment was duly received before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

TRUSTEES

29. The first trustees are the persons named in the statement delivered pursuant to Section 10(2) of the Act, who are deemed to have been appointed under the articles. Future trustees shall be appointed as provided in Articles 35 and 36.

30. Unless otherwise directed by ordinary resolution, the number of trustees shall not be subject to any maximum but shall not be less than three.
31. Subject to Article 35(b), at least one trustee shall not be an employee of a member of the HBOS Group.

POWERS OF TRUSTEES

32. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the business of the Foundation shall be managed by the trustees who may exercise all the powers of the Foundation. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the trustees which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the trustees by the articles and a meeting of trustees at which a quorum is present may exercise all powers exercisable by the trustees.
33. The trustees may, by power of attorney or otherwise, appoint any person to be the agent of the Foundation for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

DELEGATION OF TRUSTEES' POWERS

34. The trustees may delegate any of their powers to any committee consisting of one or more trustees. They may also delegate to any managing trustee or any trustee holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the trustees may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of trustees so far as they are capable of applying. The quorum of a committee with two members shall, unless otherwise specified by the trustees, be two, of which one shall be an employee of a member of the HBOS Group.

APPOINTMENT OF TRUSTEES

35. The trustees may appoint any person who is willing to act to be a trustee either to fill a vacancy or as an additional trustee provided that:-
 - (a) such person has first been recommended for appointment in accordance with the Trustee Appointment Policy; and
 - (b) the number of trustees who are not employees of a member of the HBOS Group shall at no time exceed 49% of the total number of trustees.
36. No person may be appointed as a trustee:-
 - (a) unless he has attained the age of 18 years; or
 - (b) in circumstances such that, had he already been a trustee, he would have been disqualified from acting under the provisions of Article 38 or 39;

37. A trustee shall initially hold office for a maximum period of three years from the date of his appointment and shall then retire. A retiring trustee may, if willing to act, be reappointed for a second term of a maximum of three years. Such person shall not again be appointed as a trustee unless the trustees resolve that there are exceptional circumstances in that such individual possesses specific or unique skills and expertise, experience or ability of significant value to the Foundation. In such circumstances, a retiring trustee may, if willing to act, be reappointed by the trustees for a third and final term of a maximum of three years and shall at the end of that third term retire altogether so that no trustee shall hold office as trustee for more than nine years in total..

DISQUALIFICATION AND REMOVAL OF TRUSTEES

38. The office of a trustee shall be vacated if:-
- (a) he ceases to be a trustee by virtue of any provision of the Act or he becomes prohibited by law from being a trustee; or
 - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) he is, or may be, suffering from mental disorder and either:-
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Care and Treatment) (Scotland) Act 2003, or
 - (ii) an order is made by a court or mental health tribunal having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
 - (d) he resigns his office by notice to the Foundation or ceases to be a member of the Foundation; or
 - (e) he shall for more than six consecutive months have been absent without permission of the trustees from meetings of trustees held during that period and the trustees resolve that his office be vacated; or
 - (f) he accepts remuneration or other benefit in contravention of Clause 4 of the memorandum.
39. A trustee shall cease to hold office if the trustees by resolution in writing signed by all other trustees entitled to receive notice of a meeting of trustees declare that he shall cease to be a trustee.

TRUSTEES' EXPENSES

40. The trustees may be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of trustees or committees of trustees or general meetings or otherwise in connection with the discharge of their duties but, except to the extent permitted by clause 4 of the Memorandum, shall otherwise be paid no remuneration.

TRUSTEES' APPOINTMENTS AND INTERESTS

41. Subject to the provisions of the Act and of the memorandum, and provided that he has disclosed to the trustees the nature and extent of any material interest of his, a trustee notwithstanding his office:-
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Foundation or in which the Foundation is otherwise interested provided that no trustee who has a contract of service or any other type of contract with the Foundation shall be entitled to vote in any matter relating to such contract or to vote on his appointment;
 - (b) may be a trustee or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Foundation or in which the Foundation is otherwise interested; and
 - (c) shall not, by reason of his office, be accountable to the Foundation for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
42. For the purposes of Article 41:
- (a) a general notice given to the trustees that a trustee is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the trustee has an interest in any such transaction of the nature and extent so specified; and
 - (b) an interest of which a trustee has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

PROCEEDINGS OF TRUSTEES

43. Subject to the provisions of the articles, the trustees may regulate their proceedings as they think fit. A trustee may, and the secretary at the request of a trustee shall, call a meeting of the trustees. It shall not be necessary to give notice of a meeting to a trustee who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote.
44. The quorum for the transaction of the business of the trustees may be fixed by the trustees and unless so fixed at any other number shall be two trustees, of which one shall be an employee of a member of the HBOS Group.
45. The continuing trustees or a sole continuing trustee may act notwithstanding any vacancies in their number, but, if the number of trustees is less than the number fixed as the quorum, the continuing trustees or trustee may act only for the purpose of filling vacancies or of calling a general meeting.

46. The trustees may appoint one of their number (who must be an employee of a member of the HBOS Group) to be the chairman of the board of trustees and may at any time remove him from that office. Unless he is unwilling to do so, the trustee so appointed shall preside at every meeting of trustees at which he is present. But if there is no trustee holding office, or if the trustee holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the trustees present may appoint one of their number to be chairman of the meeting.
47. All acts done by a meeting of trustees, or of a committee of trustees, or by a person acting as a trustee shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any trustee or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every person had been duly appointed and was qualified and had continued to be a trustee and had been entitled to vote.
48. A resolution in writing signed by all the trustees entitled to receive notice of a meeting of trustees or of a committee of trustees shall be as valid and effectual as if it had been passed at a meeting of trustees or (as the case may be) a committee of trustees duly convened and held and may consist of several documents in the like form each signed by one or more trustees.
49. A trustee shall not vote at a meeting of the trustees, or at any meeting of a committee of the trustees, on any resolution concerning a matter on which he has an interest, which interest conflicts with the interest of the Foundation.
50. If a question arises at a meeting of trustees or of a committee of trustees as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any trustee other than himself shall be final and conclusive.
51. A meeting of the trustee or any committee thereof may, subject to notice thereof having been given in accordance with the articles, be for all purposes deemed to be held when trustees are in simultaneous communication with each other by telephone or fax or by any means of audio-visual communication, if all the trustees of the Foundation agree to treat the meeting as so held, and the number of trustees participating in such communication constitutes the quorum of trustees which would otherwise be required by the articles to be present at the meeting.

SECRETARY

52. Subject to the provisions of the Act, a secretary may be appointed by the trustees for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

PATRONS

53. The trustees may from time to time with the consent of HBOS invite any person or persons whose patronage would in their opinion confer a benefit upon the Foundation to become patrons of the Foundation. Any person who accepts the position of patron shall hold that position until he relinquishes it by written notice to the Foundation, or until the trustees decide by resolution to terminate his appointment. A patron shall not be a member of the Foundation and shall have none of the responsibilities or powers of a trustee, but the Foundation shall have the right to announce that it is under patronage in any letters, brochures, announcements and other like publications.

MINUTES

54. The trustees shall cause minutes to be made in books kept for the purpose:-
- (a) of all appointments of officers made by the trustees; and
 - (b) of all proceedings at meetings of the Foundation and of the trustees, and of committees of trustees, including the names of the trustees present at each such meeting.

NOTICES

55. Any notice to be given to or by any person pursuant to the articles (other than a notice calling a meeting of the trustees) shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving the notice. In this regulation and the next, "address" in relation to electronic communications, includes any number or address used for the purposes of such communications.
56. The Foundation may give any notice to a member, either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the company by the member.
57. A member present, either in person or by proxy, at any meeting of the Foundation shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
58. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted or, in the case of a notice contained in an electronic communication, at the expiration of 48 hours after the time it was sent.

ACCOUNTS

59. Copies of the Foundation's annual accounts, report of the trustees and auditors report (if any) shall be sent to HBOS, at such address notified by it from time to time, at the same time as such documents are sent to the members of the Foundation in accordance with the Act.
60. At the request of HBOS, the trustees shall make available to HBOS such other financial information relating to the Foundation as HBOS may require from time to time.

DISSOLUTION AND AMENDMENT

61. Clauses 7 and 8 of the memorandum shall have effect as if the provisions thereof were repeated in the articles.

INDEMNITY

62. Subject to the provisions of the Act but without prejudice to any indemnity to which a trustee may otherwise be entitled, every trustee or other officer or auditor of the Foundation shall be entitled to be indemnified out of the assets of the Foundation against all losses or liabilities which he may sustain or incur in or about the execution or discharge of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Foundation and no trustee or other officer or auditor of the Foundation shall be liable for any loss, damage or misfortune which may happen to be incurred by the Foundation in the execution or discharge of the duties of his office or in relation thereto.