

THE COMPANIES ACT 2006
AND THE COMPANIES (AUDIT, INVESTIGATIONS AND COMMUNITY
ENTERPRISE) ACT 2004

COMMUNITY INTEREST COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

of

QACE - ENTITY FOR THE QUALITY
ASSESSMENT AND CERTIFICATION
OF ORGANISATIONS
RECOGNISED BY THE
EUROPEAN UNION CIC

FARRER & CO LLP
66 Lincoln's Inn Fields
London WC2A 3LH

PART 1: INTERPRETATION	1
1. Interpretation	1
2. Name	7
3. Community Interest Company	7
4. Asset Lock	7
5. Not for Profit	8
PART 2: OBJECTS, POWERS AND LIMITATION OF LIABILITY.....	9
6. Objects.....	9
7. Powers	9
8. Limited Liability.....	10
9. Guarantee.....	10
PART 3: MEMBERS	11
10. Membership.....	11
11. Authorised Representatives.....	12
12. Administrative powers reserved to the Members	13
13. General Meetings.....	14
14. Voting at General Meetings	16
15. Written Resolutions	17
PART 4: DIRECTORS.....	19
16. The Directors	19
17. Proceedings of Directors.....	22
18. Powers of Directors	24
19. Annual Work Plan	26
20. Directors' Remuneration	26
PART 5: ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS	27
21. Registered Office.....	27
22. Records and Accounts	27
23. Communication	28
24. Dissolution.....	30
25. Indemnity.....	31
26. Exclusion of Model Articles.....	31
Annex 1.....	32
The first Members of QACE	32
Annex 2.....	33
The first Directors of QACE	33

PART 1 : INTERPRETATION

1. **Interpretation**

1.1 In these Articles, the following words and expressions shall have the meanings set against them:-

"the 2004 Act" the Companies (Audit, Investigations and Community Enterprise) Act 2004;

"Accredited Certification Body" means an organisation accredited to comply with ISO/IEC 17021:2006 standard by an accreditation body who is signatory to the International Accreditation Forum (IAF) Multinational Recognition Agreement, and which is contracted, or seeks a contract to audit and certify a Recognised Organisation;

"AGM" an annual general meeting of QACE Members;

"Annual Work Plan" the annual work plan specifying the proposed activities for the QACE, as specified in Article 11 of the Regulation;

"these Articles" these articles of association;

"Asset-Locked Body" (i) a community interest company, a permitted industrial and provident society or a charity, or (ii) a body established outside the United Kingdom that is equivalent to any of those persons;

"auditor" the financial auditor of QACE appointed and acting pursuant to the Companies Act;

"authenticated document"	a document sent (a) by hard copy that is signed by the person sending it, or (b) electronically in which the identity of the sender is confirmed in a manner specified by QACE (or where no such manner has been specified, which contains or is accompanied by a statement of the identity of the sender and where QACE has no reason to doubt the truth of that statement);
"authorised representative"	an individual who is authorised by a Member to act on its behalf at meetings of QACE and whose name is notified to QACE in accordance with these Articles;
"Business Day"	a day (other than a Saturday or Sunday) on which banks are normally open for the transaction of normal banking business in London;
"Budget"	the estimated income and expenditure for carrying out the Annual Work Plan;
"Chairman"	the chairman of the Directors appointed in accordance with Article 18.1.1;
"charity"	an organisation recognised as a charity in England and Wales, Scotland or Northern Ireland;
"clear days"	the period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"CIC Regulations"	means the Community Interest Company Regulations 2005;
"community"	is to be construed in accordance with Section 35(5) of the 2004 Act;
"the Companies Act"	the Companies Act 2006;
"Conflict of Interest"	a direct or indirect interest of a Director (whether personal, by virtue of a duty of loyalty to another organisation or otherwise) that conflicts, or possibly may conflict, with the interests of QACE;
"Current Direct Connection"	a current connection (or a connection in the past year) with a Recognised Organisation or Accredited Certification Body, such that the individual concerned or his or her spouse, civil partner (or anyone living as such), child or parent is or was an employee, a commercial contractor, or is or was able to influence the decisions of the Recognised Organisation or Accredited Certification Body, including as: a board member, a senior executive, a person holding or being beneficially entitled to a shareholding in a Recognised Organisation or Accredited Certification Body or who has or had a fiduciary responsibility in relation to a Recognised Organisation or Accredited Certification Body in the last year;
"Director"	a director of QACE and "Directors" means all of the directors;

"EGM"	an extraordinary general meeting of QACE;
"Electronic Form" and "Electronic Means"	have the meanings respectively given to them in Section 1168 of the Companies Act;
"General Meeting"	a meeting of Members, either as an AGM or EGM, called and conducted according to Article 13 and the Companies Act;
"Member" and "Membership"	refer to membership of QACE;
"the Memorandum"	the memorandum of association of QACE;
"month"	calendar month;
"the Objects"	the Objects of QACE as defined in Article 6;
"Ordinary Resolution"	a resolution of the Members that is passed by a simple majority and which is required be passed in such manner by the Companies Act (which for the avoidance of doubt includes: a resolution to remove a Director (under section 168 of the Companies Act), a resolution to appoint the financial auditors (under section 485 of the Companies Act) and to fix their remuneration (under section 492 of the Companies Act) and to remove them from office (under section 510 of the Companies Act));
"permitted industrial and provident society"	has the meaning ascribed to it in the CIC Regulations;

"President"	the chairman of the Members who chairs meetings of the Members and attends but may not vote at meetings of the Directors;
"Procedures"	the procedures made under Article 18.1.4;
"Properly Incurred"	incurred otherwise than in connection with any negligence, default, breach of duty or breach of trust in relation to QACE;
"QACE"	the company governed by these Articles;
"Recognised Organisation"	an organisation recognised in accordance with the Regulation;
"Regulation"	Regulation (EC) No 391/2009 of the European Parliament and of the Council of 23 April 2009 on common rules and standards for ship inspection and survey organisations (and as it may be amended);
"Regulator"	the Regulator of Community Interest Companies;
"Relevant Liability"	<p>a liability incurred by a Director (acting in that capacity) towards a third party, other than liability:</p> <ul style="list-style-type: none"> (a) to pay a criminal fine; (b) to pay a sum to a regulatory authority regarding non-compliance with a regulatory duty (however arising); (c) for defending criminal proceedings in which he is convicted;

- (d) for defending civil proceedings in which judgment is given against him;
- (e) in connection with an application for relief from the Court (under the Court's power to relieve from liability in cases of honest and reasonable conduct) in which the Court refuses to grant relief and for the avoidance of doubt, does not include any liability of the Director towards QACE;

"Secretary" the secretary of QACE or any other person appointed to perform the duties of the secretary of QACE including a joint, assistant or deputy secretary;

"Special Resolution" a resolution of the Members that is required by the Companies Act to be passed by a majority of 75% or more of the Members which for the avoidance of doubt includes: a resolution to change the name and a resolution to amend these Articles);

"written" or "in writing" refers to a legible document on paper or a document which can be printed onto paper including a fax message or electronic mail; and

"year" means calendar year.

1.2 Expressions defined in the Companies Act and the 2004 Act have the same meaning in these Articles.

1.3 References to an Act of Parliament or to European Union legislation are to the Act or legislation as amended or re-enacted from time to time and to any subordinate legislation made under it.

1.4 References to an Article are to an article in these Articles.

1.5 References to one gender shall include any other gender.

2. Name

The name of the company is the QACE - Entity for the Quality Assessment and Certification of Organisations Recognised by the European Union CIC ("QACE").

3. Community Interest Company

QACE is to be a community interest company.

4. Asset Lock

4.1 QACE shall not transfer any of its assets other than for full consideration.

4.2 Provided the conditions in Article 4.3 are satisfied, Article 4.1 shall not apply to:

4.2.1 the transfer of assets to any specified Asset-Locked Body, or (with the consent of the Regulator) to any other Asset-Locked Body;

4.2.2 the transfer of assets made for the benefit of the community other than by way of a transfer of assets to an Asset-Locked Body.

4.3 The conditions are that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in these Articles.

4.4 In this Article:

4.4.1 "specified" means specified in these Articles for the purposes of Article 4; and

4.4.2 "transfer" includes every description of disposition, payment, release or distribution, and the creation or extinction of an estate or interest in, or right over, any property.

5. **Not for Profit**

QACE is not established or conducted for private gain: any profits or assets are to be used to advance the Objects for the benefit of the community.

PART 2 : OBJECTS, POWERS AND LIMITATION OF LIABILITY

6. Objects

The objects of QACE ("the Objects") are:

6.1 to fulfil those purposes set out in Article 11 of the Regulation so as to promote safety at sea and the protection of the marine environment for the benefit of the community and in particular to undertake the following tasks:

6.1.1 frequent and regular assessment of the quality management systems of Recognised Organisations, in accordance with the ISO 9001 quality standard criteria;

6.1.2 certification of the quality management systems of Recognised Organisations, including organisations for which recognition has been requested in accordance with Article 3 of the Regulation;

6.1.3 issue of interpretations of internationally recognised quality management standards in particular to take account of the specific features of the nature and obligations of Recognised Organisations; and

6.1.4 adoption of individual and collective recommendations for the improvement of Recognised Organisations' processes and internal control mechanisms,

which are stated in Article 11 of the Regulation;

6.2 to carry out any other activities consistent with QACE's status as a community interest company as determined by the Directors from time to time and set out in the Annual Work Plan approved in accordance with these Articles.

7. Powers

Subject to the provisions of the 2004 Act, QACE has the power as a corporate entity to do anything that is conducive or incidental to the furthering of the Objects.

8. Limited Liability

The liability of Members is limited.

9. Guarantee

Every Member promises, if QACE is dissolved while it remains a Member or within 12 months afterwards, to pay up to one pound towards the costs of dissolution and the liabilities incurred by QACE while the contributor was a Member.

PART 3 : MEMBERS

10. Membership

10.1 QACE must maintain a register of Members in accordance with the Companies Act.

10.2 The subscribers to the Memorandum are the first Members of QACE, which are listed in Annex 1 of these Articles, and such other persons as are admitted to membership in accordance with these Articles shall be Members of QACE.

10.3 In recognition of their obligations under the Regulations, any Recognised Organisation has the right to become a Member of QACE. For this purpose, a new Recognised Organisation shall:

10.3.1 deliver an application to QACE which is in the form required by the Directors (and containing such information as may be required by the Directors) and which is executed by the organisation and is approved by the Directors;

10.3.2 sign the register of Members or consents in writing to become a Member.

10.4 Membership is automatically terminated if the Member concerned:

10.4.1 ceases to be a Recognised Organisation;

10.4.2 gives written notice of resignation to QACE;

10.4.3 ceases to exist; or

10.4.4 is removed otherwise in accordance with these Articles.

- 10.5 Membership could be suspended if the Member concerned is more than six months in arrears in paying the relevant subscription (if any) (but in such a case the Member may be reinstated on payment of the amount due).
- 10.6 Any Member that is suspended shall be entitled to receive all notices from the QACE but shall not be entitled to vote at any General Meeting, nor shall it count in a quorum for any such General Meeting.
- 10.7 A suspended Member may be reinstated by resolution of the Members provided all arrears owing to the QACE have been paid.
- 10.8 In cases listed in 10.4 and 10.5 above, the QACE shall promptly inform the European Commission of any termination, suspension and restoration of Membership.
- 10.9 Membership of QACE is not transferable.
- 10.10 Members shall not receive from QACE any remuneration, reimbursement of expenditures or benefit of any kind in respect of services rendered to QACE.
- 10.11 Members shall undertake to use their best endeavours to help ensure that any commitment entered into by QACE is made expressly subject to English law and the exclusive jurisdiction of the English courts.

11. Authorised Representatives

- 11.1 A Member shall by authenticated document, authorise a person or persons to act as its representative or representatives at any meeting of the Members.
- 11.2 Where a Member has more than one authorised representative the Member will make it clear which authorised representative is designated to attend and vote at each general meeting, by notice in writing to the QACE.

- 11.3 If a Member authorises more than one person and more than one of them purports to exercise the power at a meeting, and they do not exercise the power in the same way, the power is not treated as executed.

12. Administrative powers reserved to the Members

The following matters shall be reserved for determination by the Members at a general meeting or by written resolution:

- 12.1 any alteration or variation in any respect to the Articles or the rights attaching to Membership;
- 12.2 the consideration of any resolution for QACE's winding up or seeking the appointment of an administrator (unless QACE shall have become insolvent);
- 12.3 the formation of any subsidiary or acquisition of any shares in any other company or participation in any partnership or joint venture (whether incorporated or not);
- 12.4 the sale, transfer or disposal of all or a substantial part of QACE's undertaking and assets or the disposal of or dilution of QACE's interest in any of its subsidiaries for the time being;
- 12.5 the amalgamation or merger of QACE with any other company or business undertaking;
- 12.6 any alteration to QACE's name or registered office;
- 12.7 the review of the Annual Work Plan in accordance with Article 19, with the objective of ensuring the duties carried out under Article 11 of the Regulation are carried out to the highest professional standards;

- 12.8 the setting of the subscriptions from Members :
- a) to provide sufficient funds to support the Annual Work Plan in accordance with the Budget, and,
 - b) to maintain a separate reserve fund equivalent to six months of the company's costs averaged on the company's expenses of the last three years, aimed at ensuring the company's operations set out in the Annual Work plan in accordance with the Budget and to be used only in case the funds mentioned in a) above have been completely used up;
- both to be shared equally between the Members;
- 12.9 entering into any commitment not provided for in the Annual Work Plan under which QACE may incur costs or liabilities that total in excess of 20% of the total budget set out in the Annual Work Plan or which may not be fulfilled or completed within the period of one year;
- 12.10 election and removal of Directors, with the exception of Directors admitted according to Article 16.7;
- 12.11 any agreement to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) Directors and/or Chairman, or increase the remuneration of any such person where such remuneration or fees (or increase thereof) are not set out in the Annual Work Plan;
- 12.12 the appointment of the President.

13. General Meetings

- 13.1 General meetings may be held either in person or in a hybrid mode using suitable electronic means in which all participants may communicate with all the other participants.
- 13.2 Members are entitled to attend general meetings by an authorised representative in person or virtually.
- 13.3 General meetings are called on at least 14 clear days' written notice specifying the business to be discussed and the physical location where the Members can

attend in person.

13.4 There is a quorum at a general meeting if the number of authorised representatives present in person and virtually is at least 60% of the Members.

13.5 The President shall preside as chairman at every general meeting of QACE. If the President is not present at the time appointed for the holding of the meeting or is unwilling to act, the Members present shall elect one of their number to be chairman of the meeting.

13.6 QACE must hold an AGM in every year which all Members are entitled to attend.

13.7 At an AGM the Members:

13.7.1 receive the accounts of QACE for the previous financial year;

13.7.2 receive the Directors' report on QACE's activities since the previous AGM;

13.7.3 review the Annual Work Plan and consider, and if thought fit, approve the Budget for the forthcoming financial year in accordance with Articles 12.7 and 19;

13.7.4 consider, and if thought fit, approve the subscriptions payable by each Member for the forthcoming year;

13.7.5 accept the retirement of those Directors who wish to retire or who are retiring by rotation;

13.7.6 elect persons to be Directors to fill the vacancies arising in accordance with election procedures agreed by the Members from time to time pursuant to Article 14.5 or, if no such election procedures have been agreed, by Ordinary Resolution;

13.7.7 appoint financial auditors for QACE by Ordinary Resolution;

- 13.7.8 elect the President from among their number who shall serve for such period not exceeding two years as the Members shall determine, with the possibility of re-election for a further consecutive two years, in order to ensure a rotation of all Members;
- 13.7.9 may determine any issues of policy or deal with any other business put before them.
- 13.8 Any general meeting which is not an AGM is an EGM.
- 13.9 An EGM may be called at any time by the President or by resolution of the Directors.
- 13.10 An EGM may be called on a written request to the President from at least three Members or, if more than twelve months have passed since QACE last held a general meeting, from one Member.
- 13.11 On receipt of a written request made pursuant to Article 13.10, the President must call an EGM within 21 days and the EGM must be held not more than 28 days after the date of the notice calling the EGM.

14. Voting at General Meetings

- 14.1 A resolution at a general meeting shall be decided by a show of hands, unless a poll is demanded.
- 14.2 A person (including an organisation) who is not an authorised representative of a Member of QACE shall not have any right to vote at a general meeting of QACE; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of QACE's debentures.
- 14.3 Except where an issue is required pursuant to the Companies Act to be passed by way of an Ordinary Resolution or a Special Resolution, or where otherwise provided by the Companies Act or these Articles, every issue must be decided by a two-thirds majority of the votes cast.

14.4 Every Member present in person (or through an authorised representative) has one vote on each issue.

14.5 Notwithstanding Articles 14.1 to 14.4, the election of Directors by the Members in accordance with Article 13.7.6 shall be undertaken in accordance with election procedures approved from time to time by no less than two-thirds of the Members.

14.6 A poll on a resolution may be demanded:

14.6.1 in advance of the general meeting where it is to be put to the vote; or

14.6.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

14.7 A poll may be demanded by:

14.7.1 the President of the meeting;

14.7.2 a Member representative having the right to vote on the resolution.

15. Written Resolutions

- 15.1 Subject to Article 15.7, any resolution that may be passed validly at a general meeting of QACE may be passed as a written resolution.
- 15.2 A written resolution may be proposed by the Directors or by a Member or by the President provided that any written resolution proposed by the President is seconded by at least one Member within two days of it being proposed.
- 15.3 Any proposed written resolution must be circulated to all Members, together with:
- 15.3.1 any accompanying statement;
 - 15.3.2 guidance on how to signify agreement to the resolution; and
 - 15.3.3 the date by which the resolution must be passed if it is not to lapse.
- 15.4 A Member signifies agreement to a proposed written resolution when QACE receives from him an authenticated document (whether in hard copy or electronic form) identifying the resolution to which it relates and his agreement to it.
- 15.5 Subject to Article 15.7, a written resolution is passed when:
- 15.5.1 in the case of an Ordinary Resolution, a simple majority of the Members have signified their agreement to it;
 - 15.5.2 in the case of a Special Resolution, at least 75% of the Members have signified their agreement to it; and
 - 15.5.3 in the case of any resolution that is not required to be a Special Resolution or an Ordinary Resolution by the Companies Act, at least

two-thirds of the Members have signified their agreement to it.

15.6 A proposed written resolution lapses if it is not passed before the end of 28 days beginning on the first day on which it was circulated.

15.7 The following may not be passed as a written resolution:

15.7.1 a resolution to remove a Director before his period of office expires;
and

15.7.2 a resolution to remove a financial auditor before his period of office expires.

PART 4 : DIRECTORS

16. **The Directors**

- 16.1 Subject to these Articles, the Directors have control of QACE and its property and funds.
- 16.2 The Directors when complete consist of at least three and not more than seven individuals (unless decided otherwise by resolution of the Members), none of whom shall have any Current Direct Connection to a Recognised Organisation or an Accredited Certification Body and each of whom shall fulfil any criteria which the Members may agree.
- 16.3 For the avoidance of doubt, in the absence of any links covered in Article 16.2, an individual shall in principle remain eligible for appointment as a Director where the candidate (or his or her spouse, civil partner (or anyone living as such), child or parent:
- 16.3.1 is a member of a committee of a Recognised Organisation or an Accredited Certification Body, where (i) the scope of the committee's activities is limited to technical and non-commercial/ non-corporate matters, and (ii) the function of the candidate as a member of that committee is to give independent and non-binding advice to the Recognised Organisation or the Accredited Certification Body;
- 16.3.2 receives payment from a Recognised Organisation or an Accredited Certification Body for work or services provided at any time before or during the penultimate year prior to their proposed appointment as Director, such as a pension or dividends.

- 16.4 Prior to appointment as a Director, QACE shall request any prospective appointee to provide it with all information and confirmations necessary to enable QACE to determine whether the appointment of the individual concerned is compatible with these Articles.
- 16.5 The Directors may include:
- 16.5.1 representatives from Flag or Port States;
 - 16.5.2 representatives from the international maritime industry;
 - 16.5.3 representatives of interests in the marine insurance business; and
 - 16.5.4 any individual who has previous experience in the areas detailed in paragraphs 16.5.1, 16.5.2 and 16.5.3 above.
- 16.6 Any person who is willing to act as a Director of QACE and is permitted to do so by the law and these Articles may be appointed to be a Director.
- 16.7 If the number of Directors falls below the number prescribed by Article 16.2, the Directors may co-opt any person duly qualified to be a Director and a Co-opted Director holds office only until the next General Meeting.
- 16.8 The first Directors and their terms of office are as set out in Annex 2 of these Articles.
- 16.9 Subject to Article 16.8 and earlier termination under Article 16.11, Directors shall hold office for a period of three years or such shorter period as the

Members may decide in the course of agreeing election procedures from time to time pursuant to Article 14.5.

16.10 Any retiring Director who remains qualified may be re-appointed at the same AGM, provided that no Director may serve for more than three consecutive terms of office.

16.11 A Director's term of office automatically terminates if he or she:

16.11.1 is disqualified from acting as a company director;

16.11.2 is incapable, whether mentally or physically, of managing his or her own affairs;

16.11.3 is in the opinion of the Chairman unjustifiably absent from two consecutive meetings of the Directors;

16.11.4 resigns by written notice to the Directors (but only if at least three Directors will remain in office);

16.11.5 is removed by Ordinary Resolution at a General Meeting after the meeting has invited the views of the Director concerned and considered the matter in the light of any such views;

16.11.6 ceases to meet the requirements referred to in Article 16.2.

16.12 A technical defect in the appointment of a Director of which the Directors are unaware at the time does not invalidate decisions taken at a meeting.

17. Proceedings of Directors

- 17.1 The Directors must hold at least three meetings each year.
- 17.2 A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors.
- 17.3 Not less than ten Business Days before each meeting an agenda of business to be conducted at such meeting (together with all papers to be circulated or presented to it) shall be sent to each Director and to the President of the Members. Save as otherwise agreed by the Directors, no business shall be transacted at any such meeting except for that specified in the aforementioned agenda.
- 17.4 The President should attend and shall be entitled to speak at meetings of the Directors but shall have no right to vote at meetings of Directors.
- 17.5 A quorum at a meeting of the Directors is three Directors. The absence of the President shall not invalidate meetings.
- 17.6 A meeting of the Directors may be held either in person or by suitable electronic means agreed by the Directors in which all participants may communicate with all the other participants.
- 17.7 The Chairman or (if the Chairman is unable or unwilling to do so) some other Director chosen by the Directors present presides at each meeting.
- 17.8 Questions arising at a meeting of Directors shall be decided by a majority of votes.
- 17.9 In all proceedings of Directors each Director must not have more than one vote.

17.10 A written resolution circulated to all the Directors and approved by a simple majority of them is as valid as a resolution passed at a meeting (and for this purpose the resolution may be contained in more than one document and will be treated as passed on the date of the last signature).

17.11 The Directors may take a unanimous decision without a Directors' meeting by indicating to each other in writing, including without limitation by written Electronic Means, that they share a common view on a matter. A decision which is made in accordance with this Article shall be as valid and effectual as if it had been passed at a meeting duly convened and held, provided the following conditions are complied with:

17.11.1 approval from each Director must be received by one person being either such person as all the Directors have nominated in advance for that purpose or such other person as volunteers if necessary ("the Recipient"), which person may, for the avoidance of doubt, be one of the Directors;

17.11.2 following receipt of responses from all of the Directors, the Recipient must communicate to all of the Directors (by any means) whether the resolution has been formally approved by the Directors in accordance with this Article;

17.11.3 the date of the decision shall be the date of the communication from the Recipient confirming formal approval;

17.11.4 the Recipient must prepare a minute of the decision.

17.12 Whenever a Director has a Conflict of Interest in a matter to be discussed at a meeting of the Directors (or a committee constituted under Article 18.1.3) the Director concerned must:

17.12.1 declare an interest at or before discussion begins on the matter;

17.12.2 withdraw from the meeting for that item unless expressly invited to remain in order to provide information;

17.12.3 not be counted in the quorum for that part of the meeting; and

17.12.4 withdraw during the vote and have no vote on the matter.

17.13 If a conflict of interests arises for a Director and the conflict is not authorised by Article 17.14, the unconflicted Directors may authorise such a conflict provided that:

17.13.1 the procedure in Article 17.12 is followed;

17.13.2 the unconflicted Directors consider it is in the best interests of QACE to authorise the Conflict of Interest in the circumstances.

17.14 Conflicts of Interest which arise in relation to remuneration or benefits allowed under Article 20 are authorised automatically and need not be separately authorised pursuant to Article 17.13.

17.15 A procedural defect of which the Directors are unaware at the time does not invalidate decisions taken at a meeting.

18. Powers of Directors

18.1 The Directors have the following powers in the administration of QACE:

18.1.1 to elect or remove a Chairman from among their number;

18.1.2 to appoint or remove any individual with experience in quality management system assessment and certification to act as Secretary to QACE or to undertake a senior officer's role who may appoint staff as necessary in accordance with the Annual Work Plan;

- 18.1.3 to delegate any of their functions to committees consisting of two or more individuals appointed by them (but at least one member of every committee must be a Director and all proceedings of committees must be reported promptly to the Directors) provided the establishment of the committee has been endorsed by the Members in the Annual Work Plan. The Secretary shall have the right to attend to the meeting of such committees;
- 18.1.4 to make Procedures consistent with these Articles and the Companies Act to govern proceedings at general meetings, Directors' meetings, committee meetings and the administration of QACE;
- 18.1.5 to request and/or engage assistance from other external quality assessment bodies in accordance with Article 11.4 of the Regulation and to undertake the tasks in Article 6.1.1 and 6.1.2;
- 18.1.6 to establish procedures to assist the resolution of disputes within QACE;
- 18.1.7 to exercise any powers of QACE which are not reserved to the Members in a general meeting including (but not limited to) undertaking the tasks in Article 6.1.3 and 6.1.4;
- 18.1.8 to agree to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) the Secretary, officers and staff, if any, or increase the remuneration of any such person where such remuneration or fees (or increase thereof) are set out in the Annual Work Plan;
- 18.1.9 the adoption of the Annual Work Plan in accordance with Article 19, with the objective of ensuring the duties carried out under Article 11 of the Regulation are carried out to the highest professional standards.

18.2 The Directors shall use their best endeavours to help ensure, as far as possible and where appropriate, that QACE's agreements and contracts are governed by English law and subject to the exclusive jurisdiction of the English courts.

18.3 If the Directors shall at any time be or be reduced in number to less than the number prescribed by Article 16.2 it shall be lawful for them to act as Directors for the purposes of admitting persons as Directors filling up vacancies in their body in accordance with Article 16.7 or summoning a General Meeting but not for any other purpose.

19. Annual Work Plan

19.1 The Directors will prepare an Annual Work Plan and Budget which includes full costings for QACE for each Financial Year which meets the requirements of Article 11 of the Regulation.

19.2 Prior to the start of each Financial Year, the Directors will present the Annual Work Plan and the Budget to the Members and the Members will be asked to approve the Budget.

19.3 If there are reasonable grounds, the Members may raise any concerns that they may have about the content of the Annual Work Plan or any part of it.

19.4 The Members have the absolute discretion to approve the Budget.

20. Directors' Remuneration

20.1 Subject to the Companies Act, these Articles and the community interest test, the Members may decide the terms (including terms as to remuneration and other benefits) on which a Director (including the Chairman) is to perform any service for QACE.

20.2 Directors may be reimbursed for reasonable out-of-pocket expenses (including hotel and travel costs) actually incurred in running QACE.

PART 5 : ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS

21. Registered Office

The registered office of QACE is to be in England and Wales.

22. Records and Accounts

22.1 The Directors must comply with the requirements of the Companies Act and the 2004 Act as to keeping financial records, the audit of accounts and the preparation and transmission to the Registrar of Companies and the Regulator of Community Interest Companies:

22.1.1 annual reports;

22.1.2 annual returns;

22.1.3 annual statements of account;

22.1.4 community interest reports.

22.2 The Secretary must keep proper records of:

22.2.1 all resolutions of Members passed otherwise than at a general meeting;

22.2.2 all proceedings at general meetings;

22.2.3 all proceedings at meetings of the Directors;

22.2.4 all reports of committees; and

22.2.5 all professional advice obtained.

- 22.3 Upon decision of the Directors, the Secretary must provide the relevant interested parties with full information as set out in Article 11 of the Regulation including information on its Annual Work Plan as approved by Directors, as well as on its findings and recommendations, particularly with regard to situations where safety might have been compromised.
- 22.4 The records referred to in Articles 22.2.1, 22.2.2 and 22.2.3 must be kept for 10 years from the date of the resolution, general meeting or Directors' meeting, as relevant.
- 22.5 Accounting records relating to QACE must be made available for inspection by any Director at any reasonable time during normal office hours and may be made available for inspection by Members.
- 22.6 A copy of QACE's latest available statement of account or annual report must be supplied on request to any Director or authorised representative of a Member, free of charge. A copy of either document must also be supplied within two months to any other person who makes a written request for it and pays QACE's reasonable costs.

23. Communication

- 23.1 QACE may validly send or supply any document (including any notice) or information to a Member:
- 23.1.1 by delivering it by hand to the address recorded for the Member in the register of Members;
 - 23.1.2 by sending it by post or courier in an envelope (with postage or delivery paid) to the address recorded for the Member in the register of Members;

- 23.1.3 by fax to a fax number notified by the Member in writing;
- 23.1.4 by electronic mail to an email address notified by the Member in writing; or
- 23.1.5 by means of a website the address of which has been notified to the Member in writing;

in accordance with this Article 23 and the Companies Act.

23.2 QACE may only send a document or information to a Member by electronic mail:

23.2.1 where the Member concerned has agreed (either generally or in relation to the specific document or information) that it may be sent in that form; and

23.2.2 to the address specified for that purpose by the Member.

23.3 Any notice given in accordance with these Articles is to be treated for all purposes as having been received:

23.3.1 24 hours after being sent by electronic means or delivered by hand to the relevant address;

23.3.2 two clear days after being sent by first class post or courier service to the relevant address;

23.3.3 five clear days after being sent by second class or overseas post to the relevant address;

23.3.4 on the date on which the notice was posted on a website (or, if later, the date on which the Member was notified of the posting on the website);

- 23.3.5 on being handed to the Member's authorised representative; or if earlier
- 23.3.6 as soon as the Member acknowledges actual receipt.
- 23.4 A technical defect in the giving of notice of which the Directors are unaware at the time does not invalidate decisions taken at a meeting.
- 23.5 Members may validly send any notice or document to QACE:
- 23.5.1 by post to:
- (a) QACE's registered office; or
 - (b) any other address specified by QACE for such purposes;
- 23.5.2 to any fax number or email address provided by QACE for such purposes.
- 23.6 Any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which the Director has asked to be sent or supplied with such notices or documents for the time being.

24. Dissolution

QACE may at any time before, and in expectation of, its dissolution resolve that any assets remaining after provision has been made for all its liabilities be applied in accordance with the asset lock set out in Article 4.

25. **Indemnity**

QACE shall indemnify every Director, Secretary, officer and staff in respect of any Relevant Liabilities Properly Incurred in running QACE to the extent permitted by the Companies Act.

26. **Exclusion of Model Articles**

The model articles in Schedule 2 of the Companies (Model Articles) Regulations 2008 do not apply to QACE.

Annex 1

The first Members of QACE

American Bureau of Shipping whose registered office address is 16855 Northchase Drive, Houston, TX 77060 USA; and

Bureau Veritas SA whose registered office address is 67/71, Boulevard du Château, 92200 Neully sur Seine, France; and

China Classification Society whose registered office address is CCS Mansion, 9 Dongzhimen Nan Da Jie, Beijing 100007, China; and

Det Norske Veritas AS whose registered office address is Veritasveien 1, 1363 Hovik, Oslo, Norway; and

Germanischer Lloyd SE whose registered office is Brooktorkai 18, 20457 Hamburg, Germany; and

Korean Register of Shipping whose registered office is 60 Sinseongno, 23-7 Jang-dong, Yuseong-gu Daejeon, Republic of Korea 305-343; and

Lloyd's Register whose registered office is 71 Fenchurch Street, London EC3M 4BS, UK; and

Nippon Kaiji Kyokai whose registered office is 4-7 Kioi-cho, Chiyoda-ku, Tokyo 102-8567, Japan; and

Polski Rejestr Statków S.A. whose registered office is Al. Gen. Józefa Hallera 126, 80-416 Gdańsk, Poland; and

RINAVE – Registro Internacional Naval SA whose registered office is Estrada do Paço do Lumiar, Polo Tecnológico, Lote 17, 1600-485 Lisboa, Portugal;

RINA Services S.p.A. whose registered office is in Via Corsica 12, 16128 Genoa, Italy; and

Russian Maritime Register of Shipping whose registered office is 191186 St. Petersburg, 8, Dvortsovaya Nab. Russian Federation.

Annex 2

The first Directors of QACE

<u>Name</u>	<u>Retires at the AGM held in:</u>
Klaus Grensemann	2012
Hiroshi Iwamoto	2012
Victor Santos-Pedro	2012
Dean Tseretopoulos	2012
Francis Vallat	2012