

THE COMPANIES ACT 2006
COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES of ASSOCIATION

of

COMMUNITY LAND SCOTLAND

CONTENTS		
GENERAL	Constitution of the company, defined terms, objects, powers, restriction on use of company's assets, liability of members, general structure	articles 1 - 13
MEMBERS	Membership, categories of membership, qualification for membership, application for membership, subscription, register of members, withdrawal from membership, expulsion	articles 14 - 46
GENERAL MEETINGS (meetings of members)	General, notice, procedure, votes of members, special resolutions and ordinary resolutions, written resolutions	articles 47 - 82
DIRECTORS	Categories, number, eligibility, election/appointment/retiral/re-election/re-appointment of directors, disqualification and removal of directors, register of directors, office bearers, directors' interests, conduct, remuneration and expenses, powers	articles 83-115
DIRECTORS' MEETINGS	Procedure	articles 116-134
ADMINISTRATION	Delegation to committees of directors and office-bearers, operation of bank accounts, secretary, minutes, accounts, notices	articles 135 - 150
MISCELLANEOUS	Winding-up, indemnity	articles 151 - 155

Constitution of company

1 The model articles of association as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of this company.

Defined terms and interpretation

2 In these articles of association, unless the context requires otherwise:-

2.1 "Act" means the Companies Act 2006;

2.2 "charity" means a body which is either a "Scottish charity" within the meaning of section 13 of the Charities and Trustee Investment

(Scotland) Act 2005 or a “charity” within the meaning of section 1 of the Charities Act 2006, providing (in either case) that its objects are limited to charitable purposes;

- 2.3 “charitable purpose” means a charitable purpose under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;
 - 2.4 “electronic form” has the meaning given in section 1168 of the Act;
 - 2.5 “OSCR” means the Office of the Scottish Charity Regulator;
 - 2.6 “property” means any property, heritable or moveable, real or personal, wherever situated; and
 - 2.7 “subsidiary” has the meaning given in section 1159 of the Act.
- 3 Any reference to a provision of any legislation (including any statutory instrument) shall include any statutory modification or re-enactment of that provision in force from time to time.

Objects

- 4 The company’s objects are: -

To advance community development in Scotland, by maximising the impact of the community land movement as a major driver for community development across Scotland, and in particular through

- 4.1 promoting and representing the interests of community landowners across Scotland, at all levels of local and national government and their agencies;
 - 4.2 promoting the benefits of community landownership and proactively encouraging new community landowners;
 - 4.3 collaborating with all other relevant membership and support organisations to ensure that appropriate support services are provided to community landowners, in particular access to and uptake of existing services;
 - 4.4 facilitating networking and mutual support amongst community landowners.
- 5 The company’s objects are restricted to those set out in article 4 (but subject to article 6).
- 6 The company may (subject to first obtaining the consent of OSCR) add to, remove or alter the statement of the company’s objects in article 4; on any occasion when it does so, it must give notice to the registrar of companies

and the amendment will not be effective until that notice is registered on the register of companies.

Powers

- 7 In pursuance of the objects listed in article 4 (but not otherwise), the company shall have the following powers:-
- 7.1 To initiate, promote, conduct, participate in, co-ordinate, monitor and/or assist (whether financially or otherwise), projects, initiatives and schemes of all kinds which further any of the objects of the company.
 - 7.2 To advise in relation to, prepare, organise, support and/or conduct training courses, training events, conferences, seminars and other research activities and events in the field of education and training.
 - 7.3 To commission and/or conduct research, and to publish and promote the results of such research.
 - 7.4 To design, prepare, publish and/or distribute information packs, leaflets, books, newsletters, magazines, posters and other publications, audio and video recordings, multimedia products and display materials, and to create and maintain a website or websites.
 - 7.5 To provide information, advisory, support and/or consultancy services which further any of the objects of the company.
 - 7.6 To liaise with local authorities, Scottish, UK and European government authorities and agencies, charities and other third sector bodies, business organisations and others, all with a view to furthering the objects of the company.
 - 7.7 To take such steps as may be deemed appropriate for the purpose of raising funds and obtaining in-kind donations for the company's activities.
 - 7.8 To carry on any other activity which may be appropriately carried on in connection with any of the objects of the company.
 - 7.9 To establish and/or participate in joint ventures and to promote companies and/or other bodies whose activities may further one or more of the above objects or may generate income to support the activities of the company, acquire and hold shares, stocks, debentures and other interests in such companies or other bodies, and carry out in relation to any such company which is a subsidiary of the company, all such functions as may be associated with a holding company.
 - 7.10 To acquire and take over the whole or any part of the undertaking and liabilities of any person entitled to any property or rights suitable for any of the objects of the company.

- 7.11 To purchase, take on lease, hire, or otherwise acquire, any property or rights which are suitable for the company's activities.
- 7.12 To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.
- 7.13 To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
- 7.14 To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
- 7.15 To borrow money, and to give security in support of any such borrowings by the company, in support of any obligations undertaken by the company or in support of any guarantee issued by the company.
- 7.16 To employ such staff as are considered appropriate for the proper conduct of the company's activities, and to make reasonable provision for the payment of pension and/or other benefits for members of staff, ex-members of staff and their dependants.
- 7.17 To engage such consultants and advisers as are considered appropriate from time to time.
- 7.18 To effect insurance of all kinds (which may include officers' liability insurance).
- 7.19 To invest any funds which are not immediately required for the company's activities in such investments as may be considered appropriate (and to dispose of, and vary, such investments).
- 7.20 To establish and/or support any charity, and to make donations for any charitable purpose falling within the company's objects.
- 7.21 To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.
- 7.22 To oppose, or object to, any application or proceedings which may prejudice the company's interests.
- 7.23 To enter into any arrangement with any organisation, government or authority which may be advantageous for the purposes of the activities of the company, and to enter into any arrangement for co-operation or mutual assistance with any charity.
- 7.24 To do anything which may be incidental or conducive to the furtherance of any of the company's objects.

Restrictions on use of the company's assets

- 8 The income and property of the company shall be applied solely towards promoting the company's objects (as set out in article 4).
- 9 No part of the income or property of the company shall be paid or transferred (directly or indirectly) to the members of the company, whether by way of dividend, bonus or otherwise.
- 10 No director of the company shall be appointed as a paid employee of the company; no director shall hold any office under the company for which a salary or fee is payable.
- 11 No benefit (whether in money or in kind) shall be given by the company to any director except:-
 - 11.1 repayment of out-of-pocket expenses; or
 - 11.2 reasonable payment in return for particular services (not being of a management nature) actually rendered to the company.

Liability of members

- 12 Each member undertakes that if the company is wound up while he/she/it is a member (or within one year after he/she/it ceases to be a member), he/she/it will contribute - up to a maximum of £1 - to the assets of the company, to be applied towards:-
 - 12.1 payment of the company's debts and liabilities contracted before he/she/it ceases to be a member;
 - 12.2 payment of the costs, charges and expenses of winding up; and
 - 12.3 adjustment of the rights of the contributories among themselves.

General structure

- 13 The structure of the company consists of:
 - 13.1 the MEMBERS - who have the right to attend the annual general meeting (and any other general meeting) and have important powers under the articles of association and the Act; in particular, the members elect people to serve as directors and take decisions in relation to changes to the articles themselves;
 - 13.2 the DIRECTORS - who hold regular meetings during the period between annual general meetings, and generally control and supervise the activities of the company; in particular, the directors are responsible for monitoring the financial position of the company.

Membership

- 14 The membership of the company shall consist of the subscribers to the memorandum of association and such individuals and bodies as are admitted to membership under the articles of association of the company in force from time to time.
- 15 Membership shall cease on death or, in the case of an incorporated body, on the dissolution, winding-up, striking-off or receivership of that body.
- 16 A member may not transfer his/her/its membership to any other individual or body.

Categories of members

- 17 For the purposes of these articles:-
- “**Full Member**” means a member admitted under paragraph 18.1 (as read with articles 19 and 20);
- “**Aspiring Member**” means a member admitted under paragraph 18.2 (as read with articles 19 and 20);
- “**Associate Member**” means a (non-voting) member admitted under paragraph 18.3 (as read with articles 19 and 20).

Qualifications for membership

- 18 Membership shall (subject to articles 14 and 20) be open to the following:-
- 18.1 any asset locked organisation led and managed by the community which has an open membership to people resident in those communities and that owns or aspires to own land or buildings, and represent geographic communities; ;
- 18.2 non-constituted organisations or established organisations that are working towards Full Membership criteria. This membership will apply for 1 year and will be reviewed upon expiry of that period. Aspiring Members shall not be entitled to vote.
- 18.3 any other individual or organisation which wishes to support the aims and activities of the company.
- 19 Any reference in article 18 to an organisation which is an unincorporated body shall (subject to article 20) be interpreted as a reference to such individual as may be nominated from time to time by that unincorporated body.
- 20 No more than one individual nominated by each unincorporated body under article 19 may be a member of the company at any given time.

- 21 Employees of the company shall not be eligible for membership; an individual who becomes an employee of the company after admission to membership shall automatically cease to be a member.

Application for membership

- 22 Any incorporated body eligible for membership under article 18 which wishes to become a member shall lodge with the company a written application for membership (in such form as the directors require), signed on its behalf by an authorised officer of that body.
- 23 Any individual eligible for membership under article 18, as read with articles 19 and 20 (individuals nominated by unincorporated bodies), who wishes to become a member shall lodge with the company a written application for membership (in such form as the directors require), signed by him/her and also signed on behalf of the unincorporated body which is nominating him/her for membership.
- 24 Any individual eligible for membership under article 18 who wishes to become a member shall lodge with the company a written application for membership (in such form as the directors require), signed by him/her.
- 25 A body or individual applying for membership shall (if an annual membership subscription is in force at the time) lodge with the company a remittance equal to the annual membership subscription applicable to that body or individual (but subject to article 35)
- 26 An applicant shall lodge with the company such information and evidence (if any) in support of his/her/its application as the directors may request.
- 27 The directors may, at their discretion, refuse to admit to membership any individual or body applying for membership under article 18.
- 28 Each application for membership shall be considered by the directors at the first meeting of the directors which is held after receipt by the company of the written application (and, if requested, supporting information and evidence) required under articles 22 to 26.
- 29 The directors shall, as soon as reasonably practicable after the meeting at which an application is considered under article 27, notify the applicant in writing of the directors' decision as to whether or not to admit him/her/it to membership and at the same time confirm the category of membership (Full Member, Aspiring Member or Associate Member) into which he/she/it falls; if the decision was to refuse admission, the directors shall return to the applicant any remittance lodged by him/her/it under article 25.

Membership subscription

- 30 The directors may, if they consider appropriate, introduce (or, as the case may be, re-introduce) an annual membership subscription, and may similarly resolve that an annual membership subscription should no longer be payable;

the provisions of articles 31 to 35 shall apply only in respect of any period for which the directors have resolved that an annual membership subscription should be payable.

- 31 The amount of the annual membership subscription shall be determined by the directors, and on the basis that
- 31.1 the membership subscription may differ as between Full Members, Aspiring Members and Associate Members, and as between sub-categories within each of those categories of membership; and
 - 31.2 such sub-categories may be set by reference to the size of the relevant organisation, the status of the member as either a steering group or an operational community buyout organisation, and/or such other criteria as the directors may determine.
- 32 The annual membership subscriptions shall be payable on or before such date in each year as the directors may determine.
- 33 If the membership subscription payable by any member remains outstanding more than six weeks after the date on which it fell due (and providing the member has been given at least one written reminder), the directors may, by resolution to that effect, expel that individual or body from membership.
- 34 An individual or body who/which ceases (for whatever reason) to be a member shall not be entitled to a refund of the membership subscription.
- 35 Where an individual admitted to membership on the basis of nomination by a given unincorporated organisation ceases to be a member, and some other individual nominated by that unincorporated organisation is admitted in his/her place within a period of six weeks after he/she ceased to be a member, no membership subscription shall be payable in respect of the admission of that other individual to membership.

Register of members

- 36 The directors shall maintain a register of members, setting out the full name and address of each member, the category of membership into which he/she/it falls, the date on which he/she/it was admitted to membership, and the date on which any individual or body ceased to be a member.
- 37 In the case of a member admitted on the basis of nomination by an unincorporated body, the entry against his/her name in the register of members shall include details of the unincorporated body which nominated him/her for membership.

Withdrawal from membership

- 38 Any individual or body who/which wishes to withdraw from membership shall lodge with the company a written notice of retiral (in such form as the directors require), signed by him/her or, in the case of an incorporated body,

signed on its behalf by one of its authorised officers; on receipt of the notice by the company, he/she/it shall cease to be a member.

- 39 Any unincorporated body which wishes to withdraw its nomination for membership shall lodge a notice in writing with the company to that effect (in such form as the directors require), signed on its behalf by an appropriate office-bearer; on receipt of the notice by the company, the individual admitted to membership on the basis of nomination by that body shall cease to be a member.

Expulsion from membership

- 40 Subject to articles 41 to 45, the company may, by special resolution, expel any individual or body from membership.
- 41 Any Full Member who/which wishes to propose at any meeting a resolution for the expulsion of any individual or body from membership shall lodge with the company written notice of his/her/its intention to do so (identifying the member concerned and specifying the grounds for the proposed expulsion) not less than six weeks before the date of the meeting.
- 42 The company shall, on receipt of a notice under the preceding article, forthwith send a copy of the notice to the member concerned, and the member concerned shall be entitled to make written representations to the company with regard to the notice.
- 43 If representations are made to the company in pursuance of the preceding article, the company shall (unless such representations are received by the company too late for it to do so):-
- 43.1 state the fact of the representations having been made in the notice convening the meeting at which the resolution is to be proposed; and
- 43.2 send a copy of the representations to every individual/body to whom notice of the meeting is or was given.
- 44 Whether or not a copy of written representations has been given to each of the individuals/bodies entitled to receive notice of the meeting, the individual concerned, or (in the case of an incorporated body) an authorised representative of that body, shall be entitled to be heard on the resolution at the meeting.
- 45 Failure to comply with any of the provisions of articles 41 to 44 shall render any resolution for the expulsion of an individual or body from membership invalid.
- 46 An individual or body expelled from membership under articles 40 to 45 shall cease to be a member with effect from the time at which the relevant resolution is passed and shall not be eligible for readmission to membership for a period of five years following his/her/its expulsion.

General meetings

- 47 The directors shall convene an annual general meeting in each year; the first annual general meeting shall be held not later than 18 months after the date of incorporation of the company.
- 48 Not more than 15 months shall elapse between one annual general meeting and the next.
- 49 The business of each annual general meeting shall include:-
- 49.1 a report by the Chair on the activities of the company;
 - 49.2 the election/re-election of Elected Directors, as referred to in articles 88 to 92.
- 50 The directors must convene a general meeting if there is a valid requisition by members (under section 303 of the Act) or a requisition by a resigning auditor (under section 518 of the Act).
- 51 Subject to the provisions of articles 47, 48 and 50, the directors may convene general meetings whenever they think fit.

Notice of general meetings

- 52 At least 14 clear days' notice of each general meeting must be given to all the members and directors, and (if auditors are in office at the time) to the auditors.
- 53 The reference to "clear days" in article 52 shall be taken to mean that, in calculating the period of notice, the day after the notice is posted (or, in the case of a notice sent by electronic means, the day after it was sent), and also the day of the meeting, should be excluded.
- 54 A notice calling a meeting shall specify the time, date and place of the meeting; it shall
- 54.1 indicate the general nature of any business to be dealt with at the meeting;
 - 54.2 if a special resolution (see article 76) (or a resolution requiring special notice under the Act) is to be proposed, state that fact, giving the exact terms of the resolution; and
 - 54.3 contain a statement informing members of their right to appoint a proxy.
- 55 A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting.
- 56 Notice of every general meeting shall be given:-

- 56.1 in hard copy form;
- 56.2 (where the individual or body to whom/which notice is given has notified the company of an address to be used for the purpose of electronic communication) in electronic form; or
- 56.3 (subject to the company notifying members of the presence of the notice on a website and complying with the other requirements of section 309 of the Act) by means of a website.

Proceedings at general meetings

- 57 No business shall be transacted at any general meeting unless a quorum is present; the quorum shall be 10% (to the nearest round number) of the total number of Full Members - in each case, present in person (in the case of a corporate body, present via its duly authorised representative) or represented by proxy.
- 58 For the avoidance of doubt, Aspiring and Associate Members shall not be counted in determining whether a quorum is present at a general meeting.
- 59 If the quorum required under article 57 is not present within half an hour after the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such time and place as may be fixed by the chairperson of the meeting.
- 60 The Chair of the company shall (if present and willing to act) preside as chairperson of the meeting; if the Chair of the company is not present and willing to act as chairperson of the meeting within half an hour of the time appointed for holding the meeting, the Vice Chair shall (if present and willing to act) preside as chairperson.
- 61 If neither the Chair of the company nor the Vice Chair is present and willing to act as chairperson at any general meeting within half an hour of the time appointed for the meeting, the directors present shall elect one of their number to act as chairperson of the meeting; or, if there is only one director present and willing to act, he/she shall be chairperson of the meeting.
- 62 A director shall, notwithstanding that he/she is not a member, be entitled to attend and speak at any general meeting.
- 63 The chairperson of the meeting may, with the consent of the meeting at which a quorum is present (and must, if the meeting requests him/her to do so), adjourn the meeting but not for a period in excess of 30 days; no notice need be given of an adjourned meeting.
- 64 A resolution put to the vote of a meeting shall be decided on a show of hands unless before the show of hands, or immediately after the result of the show of hands is declared, a secret ballot is demanded by the chairperson of the meeting or by any person present at the meeting and entitled to vote (whether

as a Full Member, as the authorised representative of a Full Member, or as the proxy for a Full Member).

- 65 If a secret ballot is demanded in accordance with the preceding article, it shall be taken at once and shall be conducted in such manner as the chairperson of the meeting may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

Votes of members

- 66 Every Full Member shall have one vote, which (whether on a show of hands or on a secret ballot) may be given either in person (in the case of a corporate body, through a duly authorised representative present at the meeting), or by proxy.

- 67 For the avoidance of doubt, Aspiring and Associate Members shall be entitled to attend and speak at general meetings, but shall have no right to vote.

- 68 A Full Member who/which wishes to appoint a proxy to vote on his/her/its behalf at any meeting:

68.1 shall lodge with the company, at the company's registered office, a written instrument of proxy (in such form as the directors require), signed by him/her or (in the case of a corporate body) signed by an appropriate officer of that member; or

68.2 shall send by electronic means to the company at such electronic address as may have been notified to the members by the company for that purpose, an instrument of proxy (in such form as the directors require)

providing (in either case) the instrument of proxy is received by the company at the relevant address not less than 48 hours before the time for holding the meeting (or as the case may be, adjourned meeting); for the avoidance of doubt, in calculating the 48-hour period referred to in the preceding provisions of this article 68, no account shall be taken of any part of a day that is not a working day.

- 69 An instrument of proxy which does not conform with the provisions of article 68, or which is not lodged or sent in accordance with such provisions, shall be invalid.

- 70 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.

- 71 A proxy shall not be entitled to cast more than one vote in his/her capacity as a proxy (in addition to his/her own vote, if he/she is a member of the company or the authorised representative of a member which is a corporate body), notwithstanding that he/she may have been appointed as proxy by more than one member - unless he/she is the chairperson of the meeting.

- 72 A proxy appointed to attend and vote at any meeting instead of a member shall have the same right as the member who/which appointed him/her to speak at the meeting and need not be a member of the company.
- 73 A member which is an incorporated body may authorise an individual to act as its representative at any general meeting of the company, providing particulars of the individual so authorised and of the body which he/she is to represent are received by the company prior to the commencement of the relevant general meeting; the individual so authorised shall be entitled to exercise the same powers on behalf of the member which he/she represents as that incorporated body could exercise if it were an individual member.
- 74 A vote given, or ballot demanded, by proxy or by the authorised representative of a member which is a corporate body shall be valid notwithstanding that the authority of the person voting or demanding a ballot had terminated prior to the giving of such vote or demanding of such ballot unless notice of such termination was received by the company at the company's registered office (or, where contained in an electronic communication, was received by the company at the address notified by the company to the members for the purpose of electronic communication) before the commencement of the meeting at which the vote was given or the ballot demanded.
- 75 The chairperson of a general meeting shall not be entitled to a second or casting vote if an equality of votes arises at a general meeting.

Special resolutions and ordinary resolutions

- 76 For the purposes of these articles, a "special resolution" means (but subject to articles 79 to 82) a resolution of the members, which is passed by 75% or more of the votes cast on the resolution at a general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 52 to 56 (for the avoidance of doubt, the reference to a 75% majority relates only to the number of votes cast in favour of the resolution as compared with the total number of votes cast in relation to the resolution, and accordingly no account shall be taken of abstentions or members absent from the meeting).
- 77 In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the company, by special resolution: -
- 77.1 to alter its name;
- 77.2 to alter any provision of these articles or adopt new articles of association.
- 78 For the purposes of these articles (but subject to articles 79 to 82), an "ordinary resolution" means a resolution, which is passed by majority vote (taking account only of those votes cast in favour as compared with those votes cast against) at a general meeting, providing proper notice of the meeting has been given in accordance with articles 52 to 56.

Written resolutions

- 79 A written resolution can be passed by the members of the company (having been proposed by either the members or the directors in accordance with the procedures detailed in Chapter 2 of Part 13 of the Act) and will have effect as if passed by the members of the company in general meeting; a written resolution is passed when the required majority of eligible members have signified their agreement to it by sending to the company (in hard copy or electronic form) an authenticated document which identifies the resolution to which it relates and which indicates the member's agreement to it (agreement to which cannot thereafter be revoked).
- 80 For the purposes of the preceding article:-
- 80.1 the reference to "eligible members" is to those members who would have been entitled to vote on the resolution on the circulation date of the resolution (which is either (a) the date on which copies of the written resolution are sent or submitted to the members in accordance with the procedures detailed in Chapter 2 of Part 13 of the Act; or (b) if copies are sent or submitted to members on different days, the first of those dates);
- 80.2 the reference to "required majority" is to the majority required to pass an ordinary or a special resolution under the Act, as follows:-
- 80.2.1 in order to pass an ordinary resolution by way of written resolution, it must be passed (in accordance with article 79) by members representing a simple majority of the total voting rights of eligible members;
- 80.2.2 in order to pass a special resolution by way of written resolution, it must be passed (in accordance with article 79) by members representing not less than 75% of the total voting rights of eligible members and the resolution must specifically state that it was proposed as a special resolution.
- 81 For the avoidance of doubt, a resolution to remove a director (under section 168 of the Act) or a resolution to remove an auditor (under section 510 of the Act) cannot be proposed as a written resolution under article 79.
- 82 For the purposes of article 79, a proposed written resolution will lapse if it is not passed before the end of a period of 28 days beginning with the circulation date (as defined in article 80), and the agreement of any member to a written resolution will be ineffective if signified after the expiry of that period.

Categories of director

- 83 For the purposes of these articles:

“Elected Director” means a director elected, re-elected or appointed under articles 88 to 92;

“Co-opted Director” means a director appointed or re-appointed under articles 93 to 95.

Number of directors

84 The number of directors shall be 12, and on the basis that:

84.1 no more than 7 shall be Elected Directors; and

84.2 no more than 5 shall be Co-opted Directors.

Eligibility

85 An individual shall not be eligible for appointment as a director if he/she is an employee of the company.

Election of initial board of directors

86 The directors shall convene a general meeting of the company, to be held within six months after the incorporation of the company, at which all the directors shall retire from office and elections shall be held for the appointment of directors drawn from the membership to hold office for the period until the first annual general meeting.

87 The provisions of articles 88 and 92 shall apply in relation to the general meeting convened in pursuance of article 86 as if it were an annual general meeting.

Election, retiral, re-election: Elected Directors

88 At each annual general meeting of the company, the Full Members may (subject to articles 84 to 85) elect as a director (an “Elected Director”) any individual who is a Full Member or who has been nominated by a Full Member which is a corporate body, providing he/she is willing so to act.

89 The directors may (subject to articles 84 to 85) at any time appoint any individual who is a Full Member or who has been nominated by a Full Member which is a corporate body (providing he/she is willing to act) to be a director (an “Elected Director”), either to fill a vacancy or as an additional director.

90 At each annual general meeting,

90.1 any Elected Director who was appointed by the directors under article 88 during the period since the preceding annual general meeting (or, in the case of the first annual general meeting, since the general meeting referred to in article 86), shall retire from office; and

- 90.2 out of the remaining Elected Directors, one third (to the nearest round number) shall retire from office.
- 91 The Elected Directors to retire from office under the provisions of paragraph 90.2 shall be those who have been longest in office since they were last elected or re-elected; as between two or more Elected Directors who were last appointed/re-appointed on the same date, the question of which of them is to retire shall be determined by some random method.
- 92 An Elected Director who retires from office at an annual general meeting shall be eligible for re-election under article 88; if he/she is not re-elected, however, he/she shall vacate office at the conclusion of the annual general meeting.

Appointment, vacating of office, re-appointment: Co-opted Directors

- 93 Subject to articles 84 and 85, the directors may at any time appoint any individual to be a director (a “Co-opted Director”) providing he/she is willing so to act, on the basis that he/she has special skills or experience which would be of assistance to the board.
- 94 At the conclusion of each annual general meeting, all of the Co-opted Directors shall vacate office.
- 95 Immediately following each annual general meeting, the directors may (subject to articles 84 and 85) re-appoint any person who, as a Co-opted Director, vacated office under the preceding article at the conclusion of the annual general meeting; the directors may alternatively appoint someone in his/her place or resolve not to fill the vacancy.

Disqualification and removal of directors

- 96 A director shall vacate office if:-
- 96.1 he/she ceases to be a director by virtue of any provision of the Act or becomes prohibited by law from being a director;
 - 96.2 he/she becomes debarred under any statutory provision from being a charity trustee;
 - 96.3 he/she is sequestrated;
 - 96.4 he/she becomes incapable for medical reasons of fulfilling the duties of his/her office and such incapacity has continued, or is expected to continue, for a period of more than six months;
 - 96.5 he/she becomes an employee of the company;
 - 96.6 in the case of an Elected Director, he/she ceases to be a Full Member or (as the case may be) the body which nominated him/her ceases to be a Full Member;

- 96.7 he/she resigns office by notice to the company;
- 96.8 he/she is absent (without permission of the directors) from more than three consecutive meetings of directors and the directors resolve to remove him/her from office;
- 96.9 he/she is removed from office by resolution of the directors on the grounds that he/she is considered to have committed a material breach of the code of conduct for directors in force from time to time (as referred to in article 106);
- 96.10 he/she is removed from office by resolution of the directors on the grounds that he/she is considered to have been in serious or persistent breach of his/her duties under section 66(1) or (2) of the Charities and Trustee Investment (Scotland) Act 2005; or
- 96.11 he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the 2006 Act.
- 97 A resolution under article 96.9 or 96.10 shall be valid only if:-
- 97.1 the director who is the subject of the resolution is given reasonable prior written notice by the directors of the grounds upon which the resolution for his/her removal is to be proposed;
- 97.2 the director concerned is given the opportunity to address the meeting of directors at which the resolution is proposed, prior to the resolution being put to the vote; and
- 97.3 at least two thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.

Register of directors

- 98 The directors shall maintain a register of directors, setting out full details of each director, including the date on which he/she became a director, and also specifying the date on which any person ceased to hold office as a director.

Office bearers

- 99 Directors shall be appointed to hold the office of Chair and Vice Chair and such other offices as the directors may consider appropriate; the appointments under the preceding provision shall be made at meetings of directors.
- 100 Each office shall be held (subject to article 101) until the conclusion of the annual general meeting which next follows appointment; a director whose period of office expires under this article may be re-appointed to that office under article 99 (providing he/she is willing to act).

- 101 The appointment of any director to an office under article 99 shall terminate if he/she ceases to be a director or if he/she resigns from that office by notice to the company.

Directors' interests

- 102 Subject to the provisions of the Act and the Charities and Trustee Investment (Scotland) Act 2005 and articles 10 and 11 and provided that he/she has disclosed to the directors the nature and extent of any personal interest which he/she has (unless immaterial), and has complied with the code of conduct as referred to in article 106), a director (notwithstanding his/her office):-

102.1 may be a party to, or have some other personal interest in, any transaction or arrangement with the company or any associated company;

102.2 may be a party to, or have some other personal interest in, any transaction or arrangement in which the company or any associated company has an interest;

102.3 may be a director or secretary of, or employed by, or have some other personal interest in, any associated company; and

102.4 shall not, because of his/her office, be accountable to the company for any benefit which he/she derives from any such office or employment or from any such transaction or arrangement or from any interest in any such company,

and no such transaction or arrangement shall be liable to be treated as void on the ground of any such interest or benefit.

- 103 For the purposes of the preceding article, an interest of which a director has no knowledge and of which it is unreasonable to expect him/her to have knowledge shall not be treated as an interest of his/hers; the references to "associated company" shall be interpreted as references to any subsidiary of the company or any other company in which the company has a direct or indirect interest.

Conduct of directors

- 104 It is the duty of each director of the company to take decisions (and exercise his/her other powers and responsibilities as a director) in such a way as he/she considers, in good faith, will be most likely to promote the success of the company in achieving its objects.

- 105 Without prejudice to the principle set out in article 104, each of the directors shall have a duty, in exercising functions as a charity trustee, to act in the interests of the company; and, in particular, must:-

105.1 seek, in good faith, to ensure that the company acts in a manner which is in accordance with its purposes;

- 105.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
- 105.3 in circumstances giving rise to the possibility of a conflict of interest between the company and any party responsible for the appointment of that director
- 105.3.1 put the interests of the company before that of the other party;
- 105.3.2 where any other duty prevents him/her from doing so, disclose the conflicting interest to the company and refrain from participating in any deliberation or decision of the other directors with regard to the matter in question;
- 105.4 ensure that the company complies with any direction, requirement, notice or duty imposed under or by virtue of the Charities and Trustee Investment (Scotland) Act 2005.
- 106 Each of the directors shall comply with the code of conduct (incorporating detailed rules on conflict of interest) prescribed by the board of directors from time to time; for the avoidance of doubt, the code of conduct shall be supplemental to the provisions relating to the conduct of directors contained in these articles of association, and the relevant provisions of these articles shall be interpreted and applied in accordance with the provisions of the code of conduct in force from time to time.
- 107 The directors shall be entitled, for the purposes of section 175 of the Act, to authorise (by way of resolution to that effect) any Conflict Situation that may arise (such that the duty of the director concerned, under that section, to avoid conflicts of interest is not infringed) and to amend or vary any such authorisation; the directors may give such authorisation subject to such terms and conditions as they may consider appropriate and reasonable in the circumstances.
- 108 For the purposes of article 107, a “Conflict Situation” means any situation or matter (other than one which cannot reasonably be regarded as likely to give rise to a conflict of interest) in which any director has or could have a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the company; and such that
- 108.1 the situations and matters which fall within this definition may include (without limitation) (a) a situation where a director of the company becomes an employee, director, member of the management committee, officer or elected representative of a body which is a party to a significant contract with the company (or which is competing with the company in the context of any grant application) and (b) any such situation or matter which relates to the exploitation of any property, information or opportunity (irrespective of whether the company could take advantage of the property, information or opportunity);

108.2 “conflict of interest” for this purpose includes a conflict of interest and duty, and a conflict of duties.

109 For the avoidance of doubt, article 107 shall not apply to a conflict of interest arising in relation to a transaction or arrangement with the company; any conflict of interest of that nature shall be governed by the provisions of articles 102 and 103 and articles 130 to 134 and the code of conduct referred to in article 106.

Directors’ remuneration and expenses

110 No director may serve as an employee of the company, and no director may be given any remuneration by the company for carrying out his/her duties as a director or as Chair or as the holder of any other office under article 99.

111 The directors may be paid all travelling and other expenses properly incurred by them in connection with their attendance at meetings of directors, general meetings, meetings of committees of directors or otherwise in connection with the carrying-out of their duties.

Powers of directors

112 Subject to the provisions of the Act, and of these articles, and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company.

113 No alteration of these articles and no direction given by special resolution shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given.

114 The powers conferred by article 112 shall not be limited by any special power conferred on the directors by these articles.

115 A meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

Proceedings of directors

116 Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit.

117 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.

118 Questions arising at a meeting of directors shall be decided by a majority of votes; in the case of an equality of votes, the chairperson of a meeting of directors shall have a second or casting vote.

119 The quorum for the transaction of the business of the directors shall (subject to article 120) be one half (rounded upwards if necessary) of the total number of directors in office at the time.

- 120 A quorum will not be deemed to be constituted at any meeting of directors unless a majority of the directors present at the meeting are Elected Directors.
- 121 If the quorum required under articles 119 and 120 is not present within 15 minutes after the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such time and place as may be fixed by the chairperson of the meeting.
- 122 The continuing directors or a sole continuing director may act notwithstanding vacancies, but if the number of remaining directors is less than the number fixed as the quorum they may act only for the purpose of filling vacancies or of calling a general meeting.
- 123 Unless he/she is unwilling to do so, the Chair of the company shall preside as chairperson at every meeting of directors at which he/she is present; if the Chair of the company is unwilling to act as chairperson of a meeting of directors or is not present within 15 minutes after the time appointed for the meeting, the Vice Chair shall (if present and willing to act) preside as Chairperson.
- 124 If neither the Chair of the company nor the Vice Chair is present and willing to act as chairperson at any meeting of the directors within 15 minutes after the time appointed for the meeting, the directors present at the meeting may appoint one of their number to be chairperson of the meeting.
- 125 A director may participate in a meeting of the directors or a meeting of a committee of directors by means of a conference telephone, video conferencing facility or similar communications equipment whereby all the directors participating in the meeting can hear each other; a director participating in a meeting in this manner shall be deemed to be present in person at the meeting.
- 126 The directors shall be entitled to allow any individual to attend and speak (but not vote) at any meeting of the directors.
- 127 An individual invited to attend a meeting of the directors under article 126 shall not be entitled to exercise any of the powers of a director, and shall not be deemed to be a director for the purposes of the Act or any provision of these articles.
- 128 All acts done by a meeting of directors or by a meeting of a committee of directors or by a person acting as a director shall, notwithstanding that it is afterwards discovered that there was a defect in the appointment of any director or that any of them was disqualified from holding office or had vacated office or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
- 129 A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors, or (as the case may

- be) a committee of directors, duly convened and held; it may consist of several documents in the same form, each signed by one or more directors.
- 130 A director shall not vote at a meeting of directors or at a meeting of a committee of directors on any resolution concerning a matter in which he/she has, directly or indirectly, a personal interest or duty (unless immaterial) which conflicts or may conflict with the interests of the company.
- 131 For the purposes of the preceding article:-
- 131.1 an interest of a person who is taken to be connected with a director for any purpose of the Act, shall be treated as a personal interest of the director; and
- 131.2 a director shall be deemed to have a personal interest in relation to a particular matter if a body in relation to which he/she is an employee, director, member of the management committee, partner, officer or elected representative has an interest in that matter.
- 132 A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he/she is not entitled to vote.
- 133 The company may (subject to the Charities and Trustee Investment (Scotland) Act 2005) by ordinary resolution suspend or relax to any extent, either generally or in relation to any particular matter, the provisions of articles 130 to 132.
- 134 If a question arises at a meeting of directors or at a meeting of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairperson of the meeting; his/her ruling in relation to any director other than himself/herself shall be final and conclusive.

Delegation to committees of directors and holders of offices

- 135 The directors may delegate any of their powers to any committee consisting of two or more directors; they may also delegate to the Chair of the company or a director holding any other office such of their powers as they consider appropriate.
- 136 Any delegation of powers under the preceding article may be made subject to such conditions as the directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered.
- 137 Subject to any condition imposed in pursuance of the preceding article, the proceedings of a committee consisting of two or more directors shall be governed by the articles regulating the proceedings of meetings of directors so far as they are capable of applying.
- 138 In addition to their powers under article 135, the directors may delegate their powers to any committee consisting of one or more directors and such other individuals (who need not be directors or employees of the company) as the

directors may consider appropriate; the provisions of articles 136 and 137 shall apply in relation to any such committee, subject to the qualification that the role of any committee formed under the preceding provisions of this article shall be limited (except to the extent that the directors otherwise determine) to the issue of reports and recommendations for consideration by the board of directors.

Operation of bank accounts

139 The signatures of two out of the signatories appointed by the directors shall be required in relation to all operations (other than lodgement of funds) on the bank and building society accounts held by the company; at least one out of the two signatures must be the signature of a director.

Secretary

140 The directors shall (notwithstanding the provisions of the Act) appoint a company secretary, and on the basis that the term of office, remuneration (if any) and other terms and conditions attaching to the appointment of the company secretary shall be as determined by the directors; the company secretary may be removed by the directors at any time.

Minutes

141 The directors shall ensure that minutes are made (in books kept for the purpose) of all proceedings at general meetings, meetings of the directors and meetings of committees of directors; a minute of a meeting of directors or of a committee of directors shall include the names of the directors present, and the minutes of each meeting shall be signed by the chairperson of that meeting.

Accounts

142 The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.

143 The directors shall prepare annual accounts, complying with all relevant statutory requirements.

144 No member shall (unless he/she is a director) have any right of inspecting any accounting records or other book or document of the company except as conferred by statute or as authorised by the directors or by ordinary resolution of the company.

Notices

145 Any notice to be given in pursuance of these articles shall be given either in writing or by way of electronic means.

- 146 The company may give any notice to a member either personally or by sending it by post in a pre-paid envelope addressed to the member at his/her/its registered address or by leaving it at that address; in the case of a member who/which has notified the company of an electronic address to be used for this purpose, the company may give any notice to that member by way of electronic means.
- 147 A member may give any notice to the company either by sending it by post in a pre-paid envelope addressed to the company at its registered office or by leaving it, addressed to the company secretary, at the company's registered office or (where the company has notified the member of an electronic address to be used for this purpose) by way of electronic means.
- 148 Any notice, if sent by post, shall be deemed to have been given at the expiry of 24 hours after posting; for the purpose of proving that any notice was given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 149 Any notice sent by electronic means shall be deemed to have been given at the expiry of 24 hours after it is sent; for the purpose of proving that any notice sent by electronic means was indeed sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Chartered Institute of Secretaries and Administrators.
- 150 A member present or represented at any meeting of the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

Winding-up

- 151 If on the winding-up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall not be paid to or distributed among the members of the company but shall instead be transferred to some other charity or charities (whether incorporated or unincorporated) whose objects are altogether or in part similar to the objects of the company and whose constitution restricts the distribution of income and assets among members to an extent at least as great as do articles 8 to 11.
- 152 The charity or charities to which property is transferred under article 151 shall be determined by the members of the company at or before the time of dissolution or, failing such determination, by such court as may have or may acquire jurisdiction.
- 153 To the extent that effect cannot be given to the provisions of articles 151 and 152, the relevant property shall be applied to some other charitable purpose or purposes.

Indemnity

- 154 Every director or other officer or auditor of the company shall be indemnified (to the extent permitted by sections 232, 234, 235, 532 and 533 of the Act)

out of the assets of the company against any loss or liability which he/she may sustain or incur in connection with the execution of the duties of his/her office including, without prejudice to that generality (but only to the extent permitted by those sections of the Act), any liability incurred by him/her in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

- 155 For the avoidance of doubt, the company shall be entitled to purchase and maintain for any director insurance against any loss or liability which any director or other officer of the company may sustain or incur in connection with the execution of the duties of his/her office, and such insurance may extend to liabilities of the nature referred to in section 232(2) of the Act (negligence etc. of a director).