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THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

MEMORANDUM of ASSOCIATION of
THE COMMUNITY LEARNING AND
DEVELOPMENT STANDARDS COUNCIL
(SCOTLAND)

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THE COMPANIES ACT 2006
COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE
CAPITAL
MEMORANDUM of ASSOCIATION
of
THE COMMUNITY LEARNING AND DEVELOPMENT
STANDARDS COUNCIL (SCOTLAND)

Each subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company.

Name of each subscriber	Signature of each subscriber

Dated

THE COMPANIES ACT 2006

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AND NOT HAVING A SHARE CAPITAL

ARTICLES of ASSOCIATION of
THE COMMUNITY LEARNING AND
DEVELOPMENT STANDARDS COUNCIL
(SCOTLAND)

THE COMPANIES ACT 2006

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

ARTICLES of ASSOCIATION

of

**THE COMMUNITY LEARNING AND DEVELOPMENT
STANDARDS COUNCIL (SCOTLAND)**

CONTENTS		
GENERAL	constitution of the company, defined terms, objects, powers, restrictions on use of assets, limit on liability, general structure	articles 1-10
MEMBERS	qualifications, application, register, withdrawal, expulsion, termination/transfer	articles 11-28
GENERAL MEETINGS (meetings of members)	general, notice, special/ordinary resolutions, procedure	articles 29-55
DIRECTORS	maximum number, eligibility, election/retiral/re-election, termination of office, register, office bearers, powers, personal interests	articles 56-85
DIRECTORS' MEETINGS	procedure, conduct of directors	articles 86-98
ADMINISTRATION	committees, operation of bank accounts, secretary, minutes, accounting records and annual accounts, notices	articles 99-111
MISCELLANEOUS	winding-up, indemnity	articles 112-116

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

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

- (a) "Act" means the Companies Act 2006;
- (b) "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;
- (c) "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;
- (d) "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 including (without limitation) 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);
- (e) "electronic form" has the meaning given in section 1168 of the Act;
- (f) "OSCR" means the Office of the Scottish Charity Regulator;
- (g) "property" means any property, heritable or moveable, real or personal, wherever situated; and
- (h) "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 education and community development through seeking to ensure:

- (a) the establishment and maintenance of high standards of practice in Community Learning and Development (“CLD”) across Scotland;
 - (b) that when individuals, groups and communities are supported by CLD practitioners to achieve their goals and aspirations, these practitioners are competent and confident;
 - (c) that practitioners undertake appropriate initial professional learning and development to fulfil their roles, and actively and continuously develop their skills and practice;
 - (d) that employers promote, acknowledge and value the skills, knowledge and understanding of CLD practitioners;
 - (e) that the CLD sector is widely recognised and valued amongst other professional disciplines, policy makers and the general public.
- 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 article 41) 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:-
- (a) To approve and assure the quality of courses leading to qualifications in CLD;
 - (b) To approve, recognise or accredit and assure the quality of other programmes or providers of professional learning and development in CLD;
 - (c) To implement, maintain and develop a system of registration for CLD practitioners;
 - (d) To develop, provide, promote and assure the quality of models, tools, frameworks and resources that support and assist CLD practitioners to continuously develop their skills and practice;
 - (e) To work with employers and partners to promote and assure high quality workforce development;

- (f) To advocate on behalf of the CLD sector on matters pertaining to the establishment and maintenance of high standards of practice in CLD;
- (g) To offer advice to government, providers of CLD and other professional bodies on matters pertaining to the establishment and maintenance of high standards of practice in CLD;
- (h) To undertake or commission research pertaining to the establishment and maintenance of high standards of practice in CLD, including on the composition, qualifications, experience and skills of the CLD workforce, and to work with partner bodies to this end;
- (i) To undertake activities to promote understanding and recognition of the value of CLD and to assure government, other relevant organisations and the general public of high standards in CLD practice.
- (j) To carry on any other activities which further any of the above objects.
- (k) To promote companies 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 in such companies 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.
- (l) To acquire and take over the whole or any part of the undertaking and liabilities of any body holding property or rights which are suitable for the company's activities.
- (m) To purchase, take on lease, hire, or otherwise acquire, any property or rights which are suitable for the company's activities.
- (n) To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.
- (o) To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
- (p) To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
- (q) 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.

- (r) 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.
- (s) To engage such consultants and advisers as are considered appropriate from time to time.
- (t) To effect insurance of all kinds (which may include officers' liability insurance).
- (u) 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).
- (v) To liaise with other voluntary sector bodies, local authorities, UK or Scottish government departments and agencies, and other bodies, all with a view to furthering the company's objects.
- (w) To establish and/or support any other charity, and to make donations for any charitable purpose falling within the company's objects.
- (x) To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.
- (y) To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them).
- (z) To oppose, or object to, any application or proceedings which may prejudice the company's interests.
- (aa) 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.
- (bb) 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 (a) The income and property of the company shall be applied solely towards promoting the company's objects.
- (b) 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.

- (c) 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.
- (d) No benefit (whether in money or in kind) shall be given by the company to any director except (i) repayment of out-of-pocket expenses or (ii) reasonable payment in return for particular services (not being of a management nature) actually rendered to the company.

Liability of members

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

General structure

- 10 The structure of the company consists:-
 - (a) 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
 - (b) 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.

Qualifications for membership

- 11 The members of the company shall consist of the subscribers to the memorandum of association and such other persons as are admitted to membership under articles 19 to 22.
- 12 Membership shall be open to any individual who is registered at the time as a current CLD practitioner in the Register of CLD practitioners maintained by the company.
- 13 CLD practitioners who are included in the Register of CLD practitioners as at the date of incorporation of the company, and each CLD

practitioner applying for inclusion in the Register of CLD practitioners will be invited to apply for admission as members of the company.

- 14 Employees of the company who are included in the Register of CLD practitioners shall be eligible for membership, but will not be eligible to participate in the election of Directors or in any decision that pertains to staff recruitment, conditions of service or remuneration of staff.
- 15 An individual who is removed from the Register of CLD practitioners will automatically cease to be a member of the company.

Register of CLD practitioners

- 16 The Directors may prescribe regulations from time to time defining:
 - (a) eligibility for inclusion in the Register of CLD practitioners,
 - (b) the process for applying for inclusion in the Register of CLD practitioners (including the power of the directors to refuse admission),
 - (c) the fees (if any) payable at the time of application for inclusion in the Register of CLD practitioners,
 - (d) the fees (if any) payable on an annual basis by those who are included in the Register of CLD practitioners,
 - (e) the code(s) of practice and/or ethics to be followed by those included in the Register of CLD practitioners, and
 - (f) provision for expulsion from the Register of CLD practitioners on the grounds of failure to pay subscriptions or breach of the relevant code(s) of practice and/or ethics or other circumstances (including any rights of appeal);

and may amend and/or supplement those regulations from time to time as the Directors think fit.

- 17 The Directors may determine that in order to maintain their registration as a CLD practitioner, registered practitioners must renew their registration after a set period.
- 18 For the avoidance of doubt, the Register of CLD practitioners is separate from the register of members referred to in article 23; the register of members shall include only those entered in the Register of CLD practitioners who have elected to apply for membership of the company and have then been duly admitted as members of the company.

Application for membership

- 19 Any person who wishes to become a member of the company must apply for registration as a CLD practitioner through the procedure specified in the regulations referred to in article 16.
- 20 An applicant for membership of the company who does not meet the requirements for inclusion in the Register of CLD practitioners will not be admitted to membership of the company.
- 21 Each application for membership of the company will be considered through the procedure prescribed by the Directors at the time, and on the basis that the Directors shall determine at their discretion whether or not each applicant should be admitted to membership of the company; and the applicant will be informed, within a reasonable time after submitting their application, of the Directors' decision on the application.
- 22 A member of the Company whose inclusion in the Register of CLD Practitioners ceases shall also automatically cease to be a member of the Company with effect from that time.

Register of members

- 23 The directors shall maintain a register of members, setting out the full name and address of each member, the date on which he/she was admitted to membership, and the date on which any person ceased to be a member.

Withdrawal from membership

- 24 Any person who wishes to withdraw from membership shall sign, and lodge with the company, a written notice to that effect; on receipt of the notice by the company, he/she shall cease to be a member.

Expulsion from membership

- 25 Any person may be expelled from membership of the company by special resolution (see article 39), providing the following procedures have been observed:-
 - (a) at least 21 days' notice of the intention to propose the resolution must be given to the member concerned, specifying the grounds for the proposed expulsion
 - (b) the member concerned shall be entitled to be heard on the resolution at the general meeting at which the resolution is proposed.

26 A person expelled from membership of the Company may continue to be a Registered CLD practitioner if they continue to meet the relevant requirements.

Termination/transfer

27 Membership shall cease on death.

28 A member may not transfer his/her membership to any other person.

General meetings (meetings of members)

29 The directors shall convene an annual general meeting in each year (but excluding the year in which the company is formed); the first annual general meeting shall be held not later than 18 months after the date of incorporation of the company.

30 Not more than 15 months shall elapse between one annual general meeting and the next.

31 The business of each annual general meeting shall include:-

(a) a report by the chair on the activities of the company

(b) consideration of the annual accounts of the company

(c) the election/re-election of directors, as referred to in articles 59 to 67.

32 The directors may convene a general meeting at any time.

33 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).

Notice of general meetings

34 At least 14 clear days' notice must be given of an annual general meeting or other general meeting.

35 The reference to "clear days" in article 34 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.

36 A notice calling a meeting shall specify the time and place of the meeting; it shall (a) indicate the general nature of the business to be dealt with at the meeting and (b) if a special resolution (see article 39) (or a resolution requiring special notice under the Act) is to be proposed, shall also state that fact, giving the exact terms of the resolution.

37 A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting.

- 38 Notice of every general meeting shall be given to all the members and directors, and (if auditors are in office at the time) to the auditors
- (a) in hard copy form
 - (b) in writing or, (where the individual to whom notice is given has notified the company of an address to be used for the purpose of electronic communication) in electronic form; or
 - (c) (subject to the company notifying members of the presence of the notice on the website, and complying with the other requirements of section 309 of the Act) by means of a website.

Special resolutions and ordinary resolutions

- 39 For the purposes of these articles, a “special resolution” means a resolution passed by 75% or more of the votes cast on the resolution at an annual general meeting or general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 34 to 38; 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.
- 40 In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the company, by special resolution,
- (a) to alter its name
 - (b) to alter any provision of these articles or adopt new articles of association.
- 41 If the company is a Scottish charity, amendments to the objects of the company (as set out in article 4) will require the prior approval of OSCR.
- 42 For the purposes of these articles, an “ordinary resolution” means a resolution passed by majority vote (taking account only of those votes cast in favour as compared with those votes against), at an annual general meeting or other general meeting, providing proper notice of the meeting has been given in accordance with articles 34 to 38.

Procedure at general meetings

- 43 No business shall be dealt with at any general meeting unless there is a quorum; the quorum for a general meeting shall be 20 members (in each case, either present in person or represented by proxy).
- 44 If a quorum is not present within 15 minutes after the time at which a general meeting was due to commence - or if, during a meeting, 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.

- 45 The chair of the company shall (if present and willing to act as chairperson) preside as chairperson of each general meeting; if the chair is not present and willing to act as chairperson within 15 minutes after the time at which the meeting was due to commence, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.
- 46 The chairperson of a general meeting may, with the consent of the meeting, adjourn the meeting to such time and place as the chairperson may determine.
- 47 Every member shall have one vote, which (whether on a show of hands or on a secret ballot) may be given either personally or by proxy.
- 48 Any member who wishes to appoint a proxy to vote on his/her behalf at any meeting (or adjourned meeting):
 - (a) 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
 - (b) 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).
- 49 An instrument of proxy which does not conform with the provisions of article 48, or which is not lodged or sent in accordance with such provisions, shall be invalid.
- 50 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.
- 51 A proxy appointed to attend and vote at any meeting instead of a member shall have the same right as the member who appointed him/her to speak at the meeting and need not be a member of the company.
- 52 A vote given, or ballot demanded, by proxy 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 sent by electronic means, was received by the company at the address notified by the company to the members for the purpose of electronic communications) before the commencement of the meeting or adjourned meeting at which the vote was given or the ballot demanded.
- 53 If there are an equal number of votes for and against any resolution, the chairperson of the meeting shall not be entitled to a casting vote.

- 54 A resolution put to the vote at a general meeting shall be decided on a show of hands unless a secret ballot is demanded by the chairperson (or by at least two persons present in person at the meeting and entitled to vote (whether as members or proxies for members)); a secret ballot may be demanded either before the show of hands takes place, or immediately after the result of the show of hands is declared.
- 55 If a secret ballot is demanded, it shall be taken at the meeting and shall be conducted in such a manner as the chairperson may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

Maximum number of directors

- 56 The maximum number of directors shall be 12; out of that number, no more than 8 shall be directors who were elected under the provisions of articles 59 to 64 and no more than 4 shall be directors who were co-opted under the provisions of articles 65 to 67.

Eligibility

- 57 A person shall not be eligible for election/appointment as a director under articles 59 to 64 unless he/she is a member of the company; a person appointed as a director under articles 65 to 67 need not, however, be a member of the company.
- 58 A person shall not be eligible for election/appointment as a director if he/she is an employee of the company.

Election, retiral, re-election

- 59 At each annual general meeting, the members may (subject to article 56) elect any member (providing he/she is willing to act) to be a director.
- 60 The directors may at any time appoint any member (providing he/she is willing to act) to be a director (subject to article 56).
- 61 At the first annual general meeting, one third of the directors (excluding any directors appointed under article[s] 65 [and 66]) shall retire from office; the question of which of them is to retire shall be determined by some random method.
- 62 At each annual general meeting (other than the first):
 - (a) any director appointed under article 60 during the period since the preceding annual general meeting shall retire from office;
 - (b) out of the remaining directors (excluding any directors appointed under article[s] 65 [and 66]), one third (to the nearest round number) shall retire from office.

- 63 The directors to retire under paragraph (b) of article 62 shall be those who have been longest in office since they were last elected or re-elected; as between persons who were last elected/re-elected on the same date, the question of which of them is to retire shall be determined by some random method.
- 64 A director who retires from office under article 61 or 62 shall be eligible for re-election.
- 65 In addition to their powers under article 59, the directors may (subject to article 56) at any time appoint any non-member of the company to be a director (providing he/she is willing to act) either on the basis that he/she has been nominated by a body with which the company has close contact in the course of its activities or on the basis that he/she has specialist experience and/or skills which could be of assistance to the directors.
- 66 [In pursuance of their powers under article 65, the directors will appoint as a director one individual who has been nominated by the Scottish Ministers to be a director of the company¹].
- 67 At each annual general meeting, all of the directors appointed under articles 65 and 66 shall retire from office – but shall then be eligible for re-appointment under articles 65 and 66.

Termination of office

- 68 A director shall automatically vacate office if:-
- (a) he/she ceases to be a director through the operation of any provision of the Act or becomes prohibited by law from being a director
 - (b) he/she becomes debarred under any statutory provision from being a charity trustee (within the meaning of section 106 of the Charities and Trustee Investment (Scotland) Act 2005)
 - (c) he/she becomes incapable for medical reasons of fulfilling the duties of his/her office and such incapacity is expected to continue for a period of more than six months
 - (d) he/she ceases to be a member of the company
 - (e) he/she becomes an employee of the company
 - (f) he/she resigns office by notice to the company
 - (g) he/she is absent (without permission of the directors) from more than three consecutive meetings of the directors, and the directors resolve to remove him/her from office

¹ This is tentative only; if Sc Ministers are not supportive of the principle of nominating a director, article 66 will be deleted.

- (h) he/she is removed from office by resolution of the directors on the grounds that he/she is considered to have committed a serious breach of the code of conduct for directors (as referred to in article 98)
 - (i) (where the company is a Scottish charity at the time) 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
 - (j) he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the Act.
- 69 A resolution under paragraph (h) or (i) of article 68 shall be valid only if:
- (a) 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;
 - (b) 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
 - (c) at least two thirds (to the nearest round number) of the directors then in office (disregarding the director who is the subject of the resolution, in determining the number of directors then in office for the purposes of that voting threshold) vote in favour of the resolution (and on the understanding, for the avoidance of doubt, that the director who is the subject of the resolution shall not be entitled to vote on that resolution).

Register of directors

- 70 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

- 71 [The Chair of the Company may be appointed by Scottish Ministers through the public appointments process.]*[note: mechanism for appointment as a director to be aligned with this provision, as appropriate]*

- 72 If a Chair is not appointed by Scottish Ministers, the directors shall elect a Chair from among themselves.]²
- 73 The directors shall elect from among themselves a treasurer, and such other office bearers (if any) as they consider appropriate.
- 74 All of the office bearers [(other than the Chair if appointed by Scottish Ministers)] shall cease to hold office at the conclusion of each annual general meeting, but shall then be eligible for re-election.
- 75 A person elected to any office shall cease to hold that office if he/she ceases to be a director, or if he/she resigns from that office by written notice to that effect.

Powers of directors

- 76 Subject to the provisions of the Act, and these articles, and subject to any directions given by special resolution, the company and its assets and undertaking shall be managed by the directors, who may exercise all the powers of the company.
- 77 A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

Personal interests

- 78 A director who has a personal interest in any transaction or other arrangement which the company is proposing to enter into, must declare that interest at a meeting of the directors; he/she will be debarred (in terms of article 91) from voting on the question of whether or not the company should enter into that arrangement.
- 79 For the purposes of the preceding article, a director shall be deemed to have a personal interest in an arrangement if any partner or other close relative of his/hers **or** any firm of which he/she is a partner **or** any limited company of which he/she is a substantial shareholder or director or any limited liability partnership of which he/she is a member (or any other party who/which is deemed to be connected with him/her for the purposes of the Act), has a personal interest in that arrangement.
- 80 Provided
 - (a) he/she has declared his/her interest
 - (b) he/she has not voted on the question of whether or not the company should enter into the relevant arrangement and
 - (c) the requirements of articles 81, 84 and 91 are complied with,

² This is tentative only; if Sc Ministers are not supportive of the principle of appointing the Chair, articles 71 and 72 will be amended accordingly.

a director will not be debarred from entering into an arrangement with the company in which he/she has a personal interest (or is deemed to have a personal interest under article 79) and may retain any personal benefit which he/she gains from his/her participation in that arrangement.

- 81 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.
- 82 For the avoidance of doubt, article 81 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 78 to 80 and articles 91 to 94 and the code of conduct referred to in article 98.
- 83 No director may serve as an employee (full time or part time) of the company, and no director may be given any remuneration by the company for carrying out his/her duties as a director.
- 84 Where a director provides services to the company or might benefit from any remuneration paid to a connected party for such services, then
- (a) the maximum amount of the remuneration must be specified in a written agreement and must be reasonable
 - (b) the directors must be satisfied that it would be in the interests of the company to enter into the arrangement (taking account of that maximum amount); and
 - (c) less than half of the directors must be receiving remuneration from the company (or benefit from remuneration of that nature).
- 85 The directors may be paid all travelling and other expenses reasonably incurred by them in connection with their attendance at meetings of the directors, general meetings, or meetings of committees, or otherwise in connection with the carrying-out of their duties.

Procedure at directors' meetings

- 86 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.
- 87 Questions arising at a meeting of the directors shall be decided by a majority of votes; if an equality of votes arises, the chairperson of the meeting shall have a casting vote.

- 88 No business shall be dealt with at a meeting of the directors unless a quorum is present; the quorum for meetings of the directors shall be as follows:
- (a) if there is an odd number of directors in office at the time, one half (rounded upwards) of the number of directors in office;
 - (b) if there is an even number of directors in office at the time, one half of the number of directors in office, plus one..
- 89 Unless he/she is unwilling to do so, the chair of the company shall preside as chairperson at every directors' meeting at which he/she is present; if the chair is unwilling to act as chairperson or is not present within 15 minutes after the time when the meeting was due to commence, the directors present shall elect from among themselves the person who will act as chairperson of the meeting.
- 90 The directors may, at their discretion, allow any person who they reasonably consider appropriate (which may include, for the avoidance of doubt, the chair of any committee to which powers have been delegated under article 99), to attend and speak at any meeting of the directors; for the avoidance of doubt, any such person who is invited to attend a directors' meeting shall not be entitled to vote.
- 91 A director shall not vote at a directors' meeting (or at a meeting of a committee) on any resolution concerning a matter in which he/she has a personal interest which conflicts (or may conflict) with the interests of the company; he/she must withdraw from the meeting while an item of that nature is being dealt with.
- 92 For the purposes of article 91, a person shall be deemed to have a personal interest in a particular matter if any partner or other close relative of his/hers **or** any firm of which he/she is a partner **or** any limited company of which he/she is a substantial shareholder or director or any limited liability partnership of which he/she is a member, has a personal interest in that matter.
- 93 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.
- 94 The company may, by ordinary resolution, suspend or relax to any extent – either generally or in relation to any particular matter – the provisions of articles 91 to 93.

Conduct of directors

- 95 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 will be in the best interests of the company and will promote the success of the company in furthering its objects, and irrespective of any office, post, engagement or other connection

- which he/she may have with any other body which may have an interest in the matter in question.
- 96 Each of the directors shall, in exercising his/her functions as a director of the company, act in the interests of the company; and, in particular, must
- (a) seek, in good faith, to ensure that the company acts in a manner which is in accordance with its objects
 - (b) act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person
 - (c) in circumstances giving rise to the possibility of a conflict of interest of interest between the company and any other party
 - (i) put the interests of the company before that of the other party, in taking decisions as a director
 - (ii) where any other duty prevents him/her from doing so, disclose the conflicting interest to the company and refrain from participating in any discussions or decisions involving the other directors with regard to the matter in question
 - (d) if the company is a Scottish charity at the time, ensure that the company complies with any direction, requirement, notice or duty imposed on it by the Charities and Trustee Investment (Scotland) Act 2005.
- 97 In addition to the duties outlined in article 95, all of the directors must take such steps as are reasonably practicable for the purpose of ensuring: -
- (a) that any breach of any of those duties by a director is corrected by the director concerned and not repeated; and
 - (b) that any director who has been in serious or persistent breach of those duties is removed as a director.
- 98 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.

Delegation to committees

- 99 The directors may delegate any of their powers to any committee consisting of one or more directors and such other persons (if any) as the directors may determine; they may also delegate to the chair of the

company (or the holder of any other post) such of their powers as they may consider appropriate.

- 100 Any delegation of powers under article 99 may be made subject to such conditions as the directors may impose and may be revoked or altered.
- 101 The rules of procedure for any committee shall be as prescribed by the directors.

Operation of bank accounts

- 102 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

- 103 The directors shall (notwithstanding the provisions of the Act) appoint a company secretary, and on the basis that the term of the appointment, the remuneration (if any) payable to the company secretary, and the such conditions of appointment shall be as determined by the directors; the company secretary may be removed by them at any time.
- 104 The directors may appoint the Chief Executive, if there is one, as the company secretary.

Minutes

- 105 The directors shall ensure that minutes are made of all proceedings at general meetings, directors' meetings and meetings of committees; a minute of any meeting shall include the names of those present, and (as far as possible) shall be signed by the chairperson of the meeting.

Accounting records and annual accounts

- 106 The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.
- 107 The directors shall prepare annual accounts, complying with all relevant statutory requirements; if an audit is required under any statutory provisions or if they otherwise think fit, they shall ensure that an audit of such accounts is carried out by a qualified auditor.
- 108 No member shall (unless he/she is a director) have any right of inspecting any accounting or other records, or any document of the company, except as conferred by statute or as authorised by the directors or as authorised by ordinary resolution of the company.

Notices

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- 109 Any notice which requires to be given to a member under these articles shall be given either in writing or by electronic means; such a notice may be given personally to the member or be sent by post in a pre-paid envelope addressed to the member at the address last intimated by him/her to the company or (in the case of a member who has notified the company of an address to be used for the purpose of electronic communications) may be given to the member by electronic means.
- 110 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.
- 111 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.

Winding-up

- 112 If on the winding-up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall, subject to article 113, be transferred to such body or bodies (whether incorporated or unincorporated) as may 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 acquire jurisdiction).
- 113 If - at the time when the company is being wound up - the company is a Scottish charity, no property shall be transferred under article 112 to any body unless it that body is a Scottish charity at the time.
- 114 To the extent that effect cannot be given to article 112 (as read with article 113), the relevant property shall be applied to some charitable purpose or purposes.

Indemnity

- 115 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; that may include, 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 any liability in connection with an application in which relief is granted to him/her by

the court from liability for negligence, default or breach of trust in relation to the affairs of the company.

- 116 The Company shall be entitled (subject, if the company is a Scottish charity, to the provisions of section 68A of the Charities and Trustee Investment (Scotland) Act 2005) 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 (subject to the provisions of section 68A, if applicable) extend to liabilities of the nature referred to in section 232(2) of the Act (negligence etc. of a director).