

THE COMPANIES ACT 2006
COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL
ARTICLES of ASSOCIATION
of
THE BANFFSHIRE PARTNERSHIP LTD.
(adopted by special resolution passed on 27 October 2014)
(as altered by special resolution passed on 15 November 2016)

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Director

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Constitution of company

- 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 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 2011, 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 “**Area of Benefit**” means the Banff & Buchan administrative area of Aberdeenshire Council and the local authority area of Moray Council;
 - 2.6 “**OSCR**” means the Office of the Scottish Charity Regulator;
 - 2.7 “**property**” means any property, heritable or moveable, real or personal, wherever situated; and
 - 2.8 “**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:
- 4.1 [♣]To relieve poverty among the residents of the Area of Benefit;
 - 4.2 [♣]To advance education among the residents of the Area of Benefit, particularly young people and the unemployed;

[♣] As altered by special resolution passed on 15 November 2016

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- 4.3 [^]To promote and/or provide training in skills of all kinds, particularly such skills as will assist residents of the Area of Benefit in obtaining paid employment;
- 4.4 [^]To promote, establish and operate other schemes of a charitable nature for the benefit of the community within the Area of Benefit.
- 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.
- 7 [^]The area in which the company carries out its operations may only be expanded beyond the Area of Benefit (as defined in article 2.5) if doing so is in furtherance of the company's objects.

Powers

- 8 In pursuance of those aims (but not otherwise) the company shall have the following powers:
- 8.1 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.
- 8.2 To promote companies whose activities may further one or more of the above objects, acquire and hold shares, stocks, debentures and other interests 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.
- 8.3 To purchase, take on lease, hire, take in exchange, and otherwise acquire any property and rights which may be advantageous for the purposes of the activities of the company.
- 8.4 To improve, manage, exploit, develop, turn to account and otherwise deal with all or any part of the undertaking, property and rights of the company.

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- 8.5 To sell, let, hire, license, give in exchange and otherwise dispose of all or any part of the undertaking, property and rights of the company.
- 8.6 To lend money and give credit to any person, with or without security, and to grant guarantees and contracts of indemnity on behalf of any person.
- 8.7 To borrow money and give security for the payment of money by, or the performance of other obligations of, the company or any other person.
- 8.8 To draw, make, accept, endorse, discount, negotiate, execute and issue cheques and other negotiable or transferable instruments.
- 8.9 To remunerate any individual in the employment of the company and to establish, maintain and contribute to any pension or superannuation fund for the benefit of, and to give or procure the giving of any donation, pension, allowance or remuneration to, and to make any payment for or towards the insurance of, any individual who is or was at any time in the employment of the company and the spouse, widow/er, relatives and dependents of any such individual; to establish, subsidise and subscribe to any institution, association, club and fund which may benefit any such person.
- 8.10 To oppose or object to any application or proceedings which may prejudice the company's interests.
- 8.11 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 obtain from any such organisation, government or authority any right, privilege or concession.
- 8.12 To enter into any arrangement for co-operation or mutual assistance with any charity, whether incorporated or unincorporated.
- 8.13 To effect insurance against risks of all kinds.
- 8.14 To invest funds not immediately required for the purposes of the company's activities in such investments and securities (including land in any part of the world) and that in such manner as may from time to time be considered advantageous (subject to compliance with any applicable legal requirement) and to dispose of and vary such investments and securities.
- 8.15 To establish and support any association or other unincorporated body which is a charity having objects altogether or in part similar to those of the company and to promote any company or other incorporated body which is a charity formed for the purpose of carrying on any activity which the company is authorised to carry on.

- 8.16 To subscribe and make contributions to or otherwise support charities, whether incorporated or unincorporated, and to make donations for any charitable purpose connected with the activities of the company or with the furtherance of its objects.
- 8.17 To accept subscriptions, grants, donations, gifts, legacies and endowments of all kinds, either absolutely or conditionally or in trust for any of the objects of the company.
- 8.18 To take such steps (by way of personal or written appeals, public meetings or otherwise) as may be deemed expedient for the purpose of procuring contributions to the funds of the company, whether by way of subscriptions, grants, loans, donations or otherwise.
- 8.19 To carry out any of these objects in any part of the world as principal, agent, contractor, trustee or in any other capacity and through an agent, contractor, sub-contractor, trustee or any person acting in any other capacity and either alone or in conjunction with others.
- 8.20 To do anything which may be incidental or conducive to the attainment of any of the objects of the company.

Restrictions on use of the company's assets

9 Subject to article 10:-

- 9.1 the income and property of the company shall be applied solely towards promoting the company's objects (as set out in article 4);
- 9.2 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; but such that, notwithstanding the preceding provisions of this article, the company may make payments and/or transfers of assets to any member where such payment or transfer is made in direct furtherance of one or more of the company's charitable purposes.
- 9.3 no director of the company shall be appointed as a paid employee of the company or on a self-employed basis, unless in accordance with article 83;
- 9.4 except as provided for in article 10, 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.

10 The company shall, notwithstanding the provisions of article 9, be entitled:-

- 10.1 to pay a rent not exceeding the market rent for premises let to the company by any member of the company;
- 10.2 to pay reasonable remuneration to a director (whether as an employee or on a self-employed basis), providing such remuneration is made in accordance with the provisions of article 83;
- 10.3 to make any transfer or payment to a member where such transfer or payment is made in direct furtherance of the charitable purposes of the company.

Liability of members

- 11 The liability of the members is limited.
- 12 Every member of the company undertakes to contribute such amount as may be required (not exceeding £1) to the company's assets if it should be wound up while he/she is a member or within one year after he/she ceases to be a member, for payment of the company's debts and liabilities contracted before he/she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

General structure

- 13 The structure of the company consists of:
 - 13.1 the MEMBERS - who have the right to attend general meetings and have important powers under the articles of association and the Act; in particular, the members appoint 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 biennial 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 members of the company shall comprise such individuals and organisations 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.
- 16 A member may not transfer his/her membership to any other person.

Qualifications for membership

17 Subject to articles 18 and 19, membership of the company shall be open to:

17.1 ♣representatives of any organisation (public, private or voluntary) that shares and practices the objectives of the Company within the Area of Benefit; and

17.2 ♣any individual aged 16 or over, who lives within the Area of Benefit.

Restrictions on membership

18 No employee of the company may become a member; a person admitted to membership shall automatically cease to be a member if he/she becomes an employee of the company.

19 The directors shall be entitled at their discretion to refuse to admit any person to membership notwithstanding that s/he fulfils one or more of the qualifications under article 17 and is not debarred from membership by article 18. In the case of an applicant nominated by a qualifying body, the directors shall be bound to refuse to admit the applicant to membership if another individual nominated by that body already entered as a current member in the register of members.

Application for membership

20 Any person eligible for membership under article 17 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 in the case of an applicant nominated by a qualifying body, signed by the appropriate official of the body nominating the applicant for membership.

21 A person applying for membership shall lodge with the company such information and evidence in support of his/her application as the directors require.

22 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 required by the directors, supporting information and evidence).

23 The directors shall, within a period of seven days after the meeting at which an application for membership is considered, notify the applicant in writing of the directors' decision as to whether or not to admit him/her to membership.

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Withdrawal from membership

- 24 Any person or organisation which wishes to withdraw from membership shall lodge with the company a written notice of retiral (in such form as the directors require); on receipt of the notice by the company membership will cease.

Register of members

- 25 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.

General meetings

- 26 The directors shall convene an annual general meeting in each year.
- 27 Not more than 15 months shall elapse between one annual general meeting and the next.
- 28 The business of each annual general meeting shall include:
- 28.1 a report by the chair on the activities of the company;
 - 28.2 consideration of the annual accounts of the company; and
 - 28.3 the election/re-election of directors, as referred to in articles 58 to 66.
- 29 The directors must convene a general meeting if there is a valid requisition by the members (under section 303 of the Act) or a requisition by a resigning auditor (under section 518 of the Act).

Notice of general meetings

- 30 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.
- 31 The reference to "clear days" in article 30 shall be taken to mean that, in calculating the period of notice, the day on which the notice is given and also the day of the meeting, should be excluded.
- 32 A notice calling a meeting shall specify the time, date and place of the meeting; it shall (a) indicate the general nature of any business to be dealt with at the meeting; (b) if a special resolution (see article 49) (or a resolution requiring special notice under the Act) is to be proposed, also state that fact, giving the exact terms of the resolution; and (c) contain a statement informing members of their right to appoint a proxy.

- 33 A notice convening a biennial general meeting shall specify that the meeting is to be a biennial general meeting.
- 34 Notice of every general meeting shall be given:
- 34.1 in hard copy form;
- 34.2 (where the individual or body to which notice is given has notified the company of an address to be used for the purpose of electronic communication) in electronic form; or
- 34.3 (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.

Proceedings at general meetings

- 35 No business shall be transacted at any meeting unless a quorum is present; three persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member, shall be a quorum.
- 36 If the quorum required under article 35 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.
- 37 The Chair shall (if present and willing to act as chairperson) preside as chairperson of the meeting; if the Chair is not present and willing to act as chairperson within half an hour of the time appointed for holding the meeting, the directors present shall elect one of their number to act as chairperson or, if there is only one director present and willing to act, he/she shall be chairperson.
- 38 The chairperson 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 thirty days; no notice need be given of an adjourned meeting.
- 39 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, or by at least two persons present at the meeting and entitled to vote (whether as a member or as the proxy for a member).
- 40 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 may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

Votes of members

- 41 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.
- 42 A member who wishes to appoint a proxy to vote on his/her behalf at any meeting (or adjourned meeting):
- 42.1 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
- 42.2 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 42, no account shall be taken of any part of a day that is not a working day.
- 43 An instrument of proxy which does not conform with the provisions of article 42, or which is not lodged or sent in accordance with such provisions, shall be invalid.
- 44 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.
- 45 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), notwithstanding that he/she may have been appointed as proxy by more than one member.
- 46 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.
- 47 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 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.
- 48 The chairperson of a general meeting shall be entitled to a casting vote if an equality of votes arises in relation to any resolution, provided that he/she is also a member of the company; for

the avoidance of doubt, where the chairperson of a general meeting is a Co-opted Director, he/she shall not be entitled to a casting vote.

Special resolutions and ordinary resolutions

- 49 For the purposes of these articles, a “special resolution” means (but subject to articles 52 to 55) a resolution 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 30 to 34; 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 number of votes cast against the resolution, and accordingly no account shall be taken of abstentions or members absent from the meeting.
- 50 In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the company, by special resolution:
- 50.1 to alter its name;
- 50.2 to alter any provision of these articles or adopt new articles of association.
- 51 For the purposes of these articles, an “ordinary resolution” means (but subject to articles 52 to 55) a resolution passed by majority vote (taking account only of those votes cast in favour as compared with those votes against, and (as applicable) the chairperson’s casting vote) at a general meeting, providing proper notice of the meeting has been given in accordance with articles 30 to 34.

Written resolutions

- 52 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).
- 53 For the purposes of the preceding article:-
- 53.1 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);

53.2 the reference to “required majority” is to the majority required to pass an ordinary or a special resolution under the Act, as follows:-

53.2.1 in order to pass an ordinary resolution by way of written resolution, it must be passed (in accordance with article 52) by members representing a simple majority of the total voting rights of eligible members;

53.2.2 in order to pass a special resolution by way of written resolution, it must be passed (in accordance with article 52) 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.

54 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 52.

55 For the purposes of article 52, 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 53), and the agreement of any member to a written resolution will be ineffective if signified after the expiry of that period.

Number of directors

56 The maximum number of directors shall be 12 and the minimum number of directors shall be 3.

Eligibility

57 A person shall not be eligible for election/appointment as a director unless he/she is a member of the company.

Election, retiral, re-election of directors

58 Any member, subject to article 57, who wishes to be considered for appointment as a director at an annual general meeting shall lodge with the company a written notice of their willingness to be appointed (in such form as the directors require), signed by the member, at any time up to the commencement of the annual general meeting.

59 At an annual general meeting the company may by ordinary resolution appoint as a director any member in respect of whom a written notice of their willingness to accept such an appointment has been received in compliance with the preceding article.

60 The directors may at any time appoint any member (providing he/she is willing to act) to be a director either to fill a vacancy or as an additional director.

61 At the first annual general meeting all the directors shall retire from office.

- 62 At each annual general meeting (other than the first):
- 62.1 all directors who have been appointed by the directors since the date of the last annual general meeting shall retire from office; and
 - 62.2 out of the remaining directors, one third (to the nearest round number) shall retire from office.
- 63 The directors to retire under article 62.2 shall be those who have been longest in office since they were last appointed or re-appointed; the question of who is to retire as between directors appointed or re-appointed on the same date shall be determined by lot.
- 64 The company may at any annual general meeting by ordinary resolution re-appoint any director who retires from office at the meeting under articles 61 or 62 (providing he/she is willing to act); if any such director is not re-appointed, he/she shall retain office until the meeting appoints someone in his or her place or, if it does not do so, until the end of the meeting.

Disqualification and removal of directors

- 65 A director shall vacate office if:
- 65.1 he/she ceases to be a director by virtue of any provision of the Act or becomes prohibited by law from being a director or a charity trustee (within the meaning of the Charities and Trustee Investment (Scotland) Act 2005);
 - 65.2 he/she is sequestrated;
 - 65.3 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 6 months;
 - 65.4 he/she becomes an employee of the company (this provision shall not include a director who is remunerated in accordance with article 83);
 - 65.5 he/she ceases to be a member of the company;
 - 65.6 he/she resigns office by notice to the company;
 - 65.7 he/she is absent for a period of more than 3 months (without permission of the directors) from meetings of directors held during that period and the directors resolve to remove him/her from office;
 - 65.8 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 81);

- 65.9 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
- 65.10 he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the Act.
- 66 A resolution under paragraph 65.8 or 65.9 shall be valid only if:
- 66.1 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;
- 66.2 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
- 66.3 at least two-thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.

Register of directors

- 67 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.

Appointments to office

- 68 The directors shall elect from among themselves a Chair, Treasurer and such other executive offices as the directors may consider appropriate; each such office shall be held until the conclusion of the annual general meeting which next follows appointment.
- 69 The appointments to executive office under the preceding article shall be made at a meeting of directors held immediately after each annual general meeting.
- 70 A director whose period of executive office expires under article 68 may be re-appointed to such office (providing he/she is willing to act).
- 71 The appointment of any director to executive office shall terminate if he/she ceases to be a director or if he/she resigns from such executive office by notice to the company.
- 72 If the appointment of any director to executive office terminates under the preceding article, the directors shall, at a meeting of directors held as soon as reasonably practicable after such termination, appoint another director to hold such office in his/her place; a director so appointed shall (subject to article 71) hold such executive office until the conclusion of the first annual general meeting which follows such appointment.

Directors' interests

- 73 Subject to the provisions of the Act and of the Charities and Trustee Investment (Scotland) Act 2005 and articles 9 and 10 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 81), a director (notwithstanding his/her office):
- 73.1 may be a party to, or have some other personal interest in, any transaction or arrangement with the company or any associated company;
 - 73.2 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;
 - 73.3 in the case of any director of the company who is in receipt of remuneration under article 10.2, he/she may retain any such remuneration;
 - 73.4 may be a director or secretary of, or employed by, or have some other personal interest in, any associated company; and
 - 73.5 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.
- 74 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.
- 75 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.
- 76 For the purposes of article 75, 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:

- 76.1 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);
- 76.2 “conflict of interest” for this purpose includes a conflict of interest and duty, and a conflict of duties.
- 77 For the avoidance of doubt, article 75 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 73 and 74 and articles 103 to 107 and the code of conduct referred to in article 81.
- 78 The directors shall procure that a register of directors’ interests is maintained in accordance with the provisions in this regard contained in the code of conduct for directors referred to in article 81.

Conduct of directors

- 79 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 (as set out in article 4) and will be in the interests of the company, 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.
- 80 Without prejudice to the principle set out in article 79, 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:
- 80.1 seek, in good faith, to ensure that the company acts in a manner which is in accordance with its charitable purposes;
- 80.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
- 80.3 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, put the interests of the company before that of the other party;

- 80.4 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;
- 80.5 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.
- 81 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.

Directors' remuneration and expenses

- 82 Subject to article 10.2, no director shall be entitled to any remuneration, whether in respect of his/her office as director or as holder of any office under article 68.
- 83 The company may remunerate any director (whether as an employee or on a self-employed basis) in respect of work carried out by him/her for the company, subject to the following conditions:-
- 83.1 no contract of that nature shall be entered into by the company without the prior sanction of a resolution passed by majority vote at a meeting of directors (and in respect of which the director proposing to enter into the contract shall not vote, as prescribed by article 103);
- 83.2 the work must fall outwith the discharge of the ordinary duties of a director;
- 83.3 the contract relating to the carrying out of work of that nature shall clearly define the scope and duties of the director in relation to the relevant tasks and the maximum amount of the remuneration to be paid to him/her; and all such particulars shall be set out in a draft contract for approval of the directors as contemplated in paragraph 83.1;
- 83.4 the remuneration to be paid under the contract must be reasonable in the circumstances; and before entering into the contract, the directors must be satisfied that it would be in the interests of the company for those services to be provided by that director for that remuneration; and
- 83.5 a contract of that nature shall not be entered into if the effect would be that half, or more than half, of the directors then in office would be receiving remuneration from the company (and such that, for the purposes of this paragraph 83.5, a director shall be deemed to be receiving remuneration from the company if he/she is connected,

within the meaning of the relevant statutory provisions, with any director who is receiving remuneration from the company).

- 84 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 or meetings of committees of directors or otherwise in connection with the carrying-out of their duties.

Powers of directors

- 85 Subject to the provisions of the Act, and these articles, and subject 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.
- 86 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.
- 87 The powers conferred by article 85 shall not be limited by any special power conferred on the directors by these articles.
- 88 A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

Proceedings of directors

- 89 Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit.
- 90 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.
- 91 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.
- 92 A director who is also an alternate director shall be entitled in the absence of his appointer to a separate vote on behalf of his appointer in addition to his own vote.
- 93 No business shall be dealt with at a meeting of directors unless a quorum is present; the quorum for the transaction of the business of the directors shall be fixed by the directors and, unless so fixed at any other number, shall be the nearest whole number representing one third of the total number of directors ; a person (other than a director) acting as alternate director shall, if his appointer is not present, be counted in the quorum.
- 94 If the quorum required under article 93 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.

- 95 If at any time the number of directors in office falls below the number fixed as the quorum, the remaining director(s) may act only for the purpose of filling vacancies or of calling a general meeting.
- 96 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, for the purposes of calculating the quorum, to be present in person at the meeting.
- 97 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 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 directors may appoint one of their number to be chairperson of the meeting.
- 98 The directors may, at their discretion, allow any person who they reasonably consider appropriate, 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.
- 99 A person invited to attend a meeting of the directors under article 98 shall not be entitled to exercise any of the powers of a director, and shall not be deemed to constitute a director for the purposes of the Act or any provision of these articles.
- 100 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.
- 101 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.
- 102 A resolution signed by an alternate director need not also be signed by his appointer; a resolution signed by a director who has appointed an alternate director need not be signed by the alternate director in that capacity.
- 103 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.

104 For the purposes of the preceding article:

104.1 an interest of a person who is taken to be connected with a director under section 252 of the Act, shall be treated as a personal interest of the director;

104.2 an interest of the appointer of an alternate director shall be treated as an interest of the alternate director; and

104.3 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, officer or elected representative has a personal interest in that matter.

105 For the avoidance of doubt, a director who is in receipt of remuneration under article 10.2, shall not be entitled to vote on the question of whether or not the company should pay him/her remuneration nor on any matter connected with the level of such remuneration or whether such remuneration should continue.

106 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.

107 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 103 to 106.

108 Each director must keep confidential all proceedings and discussions at board meetings unless he/she has been given prior authorisation to disclose a particular matter, by majority decision of the board.

109 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.

Alternate directors

110 Any director may appoint any other director or any other person willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.

111 An alternate director shall, subject to the following article, be entitled to be given notice of all meetings of directors and of all meetings of committees of directors and meetings of General Committees of which his appointer is a member, to attend and vote at any such meeting at

which the director who appointed him is not personally present and generally to perform all the functions of his appointer as a director in his absence.

- 112 No notice of a meeting of directors, a meeting of a committee of directors or a meeting of a General Committee need be given to an alternate director who is absent from the United Kingdom.
- 113 An alternate director shall not be entitled to receive any remuneration from the company for his services as an alternate director.
- 114 An alternate director shall, subject to the following article, cease to be an alternate director if his appointer ceases to be a director.
- 115 If a director vacates office at the conclusion of an annual general meeting but is reappointed immediately following the annual general meeting, any appointment of an alternate director made by him which was in force immediately prior to retirement or vacating of office shall continue after his re-appointment.
- 116 An appointment or removal of an alternate director may be effected by notice to the company signed by the director making or revoking the appointment or may be effected in any other manner approved by the directors.
- 117 An alternate director shall alone be responsible for his own acts and defaults; an alternate director shall not be deemed to be the agent of the director appointing him.
- 118 References in these articles to directors shall, unless the context otherwise requires, be construed as including alternate directors.

Delegation to committees of directors and holders of executive office

- 119 The directors may delegate any of their powers to any committee consisting of one or more directors; they may also delegate to the Chairperson or a director holding any other office such of their powers as they consider appropriate.
- 120 Any delegation of powers under the preceding article may be made subject to such conditions as the directors may impose and may be revoked or altered.
- 121 Subject to any condition imposed in pursuance of the preceding article, the proceedings of a committee meeting 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.

Delegation to General Committees

- 122 For the purposes of these articles, “General Committee” means a committee appointed by the directors whose constitution complies with article 123.

- 123 The directors may form committees consisting only partly of directors; the members of a General Committee shall include at least two directors, but the remaining members of the committee need not be members or directors of the company.
- 124 The chairperson of a General Committee shall be a director, appointed to such office at a meeting of directors.
- 125 Each General Committee shall regulate its proceedings in accordance with the directions issued by the directors of the company and shall give effect to any instruction or decision on a matter of principle issued or made by the directors of the company.
- 126 The functions of a General Committee shall be limited to the preparation of reports and recommendations for consideration by the board of directors.

Secretary

- 127 The directors may (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

- 128 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 any meeting of directors or of a committee of directors shall include the names of the directors present.

Accounts

- 129 The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.
- 130 The directors shall prepare annual accounts, complying with all relevant statutory requirements; if an audit is required (as opposed to an independent examination) under any statutory provisions (or if the board consider that an audit would be appropriate for some other reason), the board should ensure that an audit of the accounts is carried out by a qualified auditor.
- 131 Except as provided by law or authorised by the directors or an ordinary resolution of the company, no individual or body is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member.

Notices

- 132 Any notice to be given in pursuance of these articles shall be given either in writing or by way of electronic means.
- 133 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 registered address or by leaving it at that address; in the case of a member who 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.
- 134 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.
- 135 Any notice, if sent by post, shall be deemed to have been given at the expiry of 48 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.
- 136 Any notice sent by electronic means shall be deemed to have been given at the expiry of 48 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.
- 137 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

- 138 If on the winding-up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall be transferred to some other charity or charities (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).
- 139 To the extent that effect cannot be given to article 138, the relevant property shall be applied to some charitable purpose or purposes.

Indemnity

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

Insurance

- 141 For the avoidance of doubt, the company shall be entitled (subject 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 he/she 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 of the Charities and Trustee Investment (Scotland) Act 2005) extend to liabilities of the nature referred to in section 232(2) of the Act (negligence etc. of a director).