

THE COMPANIES ACTS 1985 to 2006  
COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE  
CAPITAL  
MEMORANDUM and ARTICLES of ASSOCIATION  
of  
COMMUNITY ENERGY SCOTLAND LIMITED

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**MEMORANDUM and ARTICLES of ASSOCIATION**

**of**

**COMMUNITY ENERGY SCOTLAND LIMITED**

- 1 The company's name is "Community Energy Scotland Limited".
- 2 The company's registered office is to be situated in Scotland.
- 3 ♦The company's objects are:
  - (1) To advance community development within the <sup>i</sup>Operating Area and to advance environmental protection within the Operating Area, and in particular (but without limiting the generality of that aim) through:-
    - (A) Providing and/or assisting in the provision of support and advice for social economy organisations within the voluntary sector which are based in the Operating Area, with a view to improving their financial sustainability and maximising their contribution to society through (i) more effective approaches to the creation and development of sources of self-generated income (and particularly sources of self-generated income which fall within the renewable energy sector) and (ii) more efficient use of energy and/or the installation of renewable energy technologies;
    - (B) Encouraging and supporting knowledge and skills development within communities falling within the Operating Area in the field of renewable energy and wider, generic competences such as community consensus-building, project development, financial and other aspects of management, and investment;
    - (C) Providing, and/or assisting in the provision of, grants, loans and other forms of financial support or investment which facilitate the investigation, appraisal, development and/or implementation of projects which will represent sources of self-generated income of the nature referred to in paragraph (A) above, and/or the participation by social economy organisations based in the Operating Area in such projects;

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♦ as altered by written resolution dated 13 June 2008

- (D) Assisting communities based in the Operating Area to develop and control distributed renewable energy generation, thereby enhancing their energy security and sustainable use of energy
  - (E) Generating awareness and commitment in communities based in the Operating Area for the sustainable development and use of renewable energy;
  - (F) Providing and/or promoting educational activities, to widen knowledge and awareness within communities based in the Operating Areas on issues of energy security and on the environmental impact of energy choices; and
  - (G) Empowering communities based in the Operating Area through training, networking and financial support, thereby enhancing their awareness, capacity and confidence in leading their own sustainable development.
- (2) To prevent and/or relieve poverty within the Operating Area, and in particular by providing advice and/or financial support to assist in resolving problems of fuel poverty through improved approaches to energy conservation and use.

And such that, for the purposes of this clause:

- (i) The <sup>ii</sup>“Operating Area” shall be taken to mean primarily Scotland and any other location that the company may, from time to time, determine as appropriate.
- (ii) the “voluntary sector” shall be taken to comprise (a) organisations which are recognised as Scottish charities and (b) independent organisations which are established for purposes that add value to the community as a whole, or a significant section of the community, and which are not permitted by their constitution to distribute profits otherwise than to another such organisation or organisations (and on the basis that, for the avoidance of doubt, local government or other statutory authorities or organisations seeking to achieve charitable purposes by political means shall not be deemed to fall within the voluntary sector for the purposes of this clause);
- (iii) references to social economy organisations within the voluntary sector shall be deemed to include companies or other legal entities which are wholly owned or controlled by one or more social economy organisations or in respect of which one or more social economy organisations hold a majority in nominal value of the equity share capital; and

- (iv) references to the field of renewable energy shall be deemed to include technologies based on (without prejudice to that generality) energy derived from wind, wave, tidal, hydro, solar and/or biomass sources.

In pursuance of those aims (but not otherwise), the company shall have the following powers:-

- 3.1 To carry on any other activities which further any of the above objects.
- 3.2 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.
- 3.3 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.
- 3.4 To purchase, take on lease, hire, or otherwise acquire, any property or rights which are suitable for the company's activities.
- 3.5 To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.
- 3.6 To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
- 3.7 To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
- 3.8 To borrow money, and to issue loan stock 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.
- 3.9 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.
- 3.10 To engage such consultants and advisers as are considered appropriate from time to time.
- 3.11 To effect insurance of all kinds (which may include officers' liability insurance).

- 3.12 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).
- 3.13 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.
- 3.14 To establish and/or support any other charitable body, and to make donations for any charitable purpose falling within the company's objects.
- 3.15 To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.
- 3.16 To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them).
- 3.17 To oppose, or object to, any application or proceedings which may prejudice the company's interests.
- 3.18 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 charitable body.
- 3.19 To do anything which may be incidental or conducive to the furtherance of any of the company's objects.

And it is declared that

- (i) in this clause, where the context so admits, "property" means any property, heritable or moveable, real or personal, wherever situated;
- (ii) in this clause, and throughout this memorandum of association,
  - (A) the expression "charity" shall mean 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;
  - (B) the expression "charitable purpose" shall mean 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 sections 505 and 506 of the Income and Corporation Taxes Act 1988;

- (iii) any reference in this memorandum of association to a provision of any legislation shall include any statutory modifications or re-enactment of that provision in force from time to time.
- 4.1 <sup>iii\*</sup>The income and property of the company shall be applied solely towards promoting the company's objects (as set out in clause 3).
- 4.2 \*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 the company may pay or transfer any income or property of the company to any body which is a member of the company where such payment or transfer is in direct furtherance of the charitable purposes of the company).
- 4.3 \*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.
- 4.4 \*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) payment of reasonable remuneration in respect of particular services (not being of a management nature) actually rendered to the company.
- 5 <sup>+</sup>The liability of the members is limited.
- 6 <sup>^</sup>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/it is a member or within one year after he/she/it ceases to be a member, for payment of the company's debts and liabilities contracted before he/she/it ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.
- 7.1 \*If on the winding-up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall not be paid to or distributed among the members of the company but shall be transferred to some other charity or charities (whether incorporated or unincorporated) whose objects are altogether or in part similar to the objects of the company and whose constitution restricts the distribution of income and assets among members to an extent at least as great as does clause 4 of this memorandum of association.
- 7.2 \*The charity or charities to which property is transferred under clause 7.1 shall be determined by the members of the company at or before the time of

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\* as inserted by written resolution dated 13 June 2008

<sup>+</sup> as re-designated by written resolution dated 13 June 2008

<sup>^</sup> as altered and as re-designated by written resolution dated 13 June 2008

dissolution or, failing such determination, by such court as may have or may acquire jurisdiction.

- 7.3 \*To the extent that effect cannot be given to the provisions of clauses 7.1 and 7.2, the relevant property shall be applied to some other charitable purpose or purposes.
- 8 \*Accounting records shall be kept in accordance with all applicable statutory requirements and such accounting records shall, in particular, contain entries from day to day of all sums of money received and expended by the company and the matters in respect of which such receipt and expenditure take place and a record of the assets and liabilities of the company; such accounting records shall be open to inspection at all times by any director of the company.

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<sup>i</sup> As amended by resolution dated 6 November 2012

<sup>ii</sup> As amended by resolution dated 6 November 2012

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\* as inserted by written resolution dated 13 June 2008

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**THE COMPANIES ACTS 1985 to 2006**  
**COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE**  
**CAPITAL**

**ARTICLES OF ASSOCIATION**

**of**

**COMMUNITY ENERGY SCOTLAND LIMITED**

**(as adopted by written resolution dated 13 June 2008)**

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**General structure**

- 1 The structure of the company consists of:-
  - 1.1 the MEMBERS - who have the right to attend the annual general meeting (and any other general meeting) and have important powers under the articles of association and the Companies Acts; in particular, the members elect people to serve as directors and take decisions in relation to changes to the articles themselves;
  - 1.2 the DIRECTORS - who hold regular meetings during the period between annual general meetings, and generally control and supervise



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the activities of the company; in particular, the directors are responsible for monitoring the financial position of the company.

## **Membership**

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

## **Categories of membership**

- 5 For the purposes of these articles:-  
  
    **“Community Member”** means a member admitted under article 6.1 or article 6.2; **“Community Membership”** shall be construed accordingly;  
  
    **“Associate Member”** means a member admitted under article 6.3; **“Associate Membership”** shall be construed accordingly.

## **Qualifications for membership**

- 6 Subject to article 2, 7 and 25 membership shall be open to the following:-
  - 6.1 any incorporated body, operating as a community-based non-profit distributing organisation, which wishes to support the aims and activities of the company;
  - 6.2 any individual nominated for membership by an unincorporated body operating as a community-based non-profit distributing organisation (under a formal constitution), which wishes to support the aims and activities of the company;
  - 6.3 any other body or individual (whether in a personal capacity or on the basis that he/she has been nominated for membership by an unincorporated body) who/which is not eligible for Community Membership but who/which wishes to support the aims and activities of the company.
- 7 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.

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## **Application for membership**

- 8 Any incorporated body which wishes to become a member shall lodge with the company a written application for membership (in such form as the directors require), signed on its behalf by one of its authorised officers, and stating the category of membership for which it is applying.
- 9 Any individual who wishes to become a member on the basis of nomination by an unincorporated body shall lodge with the company a written application for membership (in such form as the directors require), signed by him/her and also signed by one of the authorised officers of the unincorporated body nominating him/her for membership; the application for membership shall state the category of membership for which he/she is applying.
- 10 Any individual who wishes to become a member under article 6.3, in an individual capacity, shall lodge with the company a written application for membership (in such form as the directors require), signed by him/her.
- 11 Each application for membership (under article 8, 9 or 10) shall be accompanied by such information and evidence in support of the application as the directors require.
- 12 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 required under article 11), in order to ensure in each case that the applicant fulfils the relevant membership qualifications; for the avoidance of doubt, the directors shall have no power to refuse admission to membership of any applicant fulfilling the relevant membership qualifications set out in article 6 (unless the applicant is debarred from membership under article 7 or 25).
- 13 The directors shall, within a period of 7 days after the meeting at which an application for membership is considered, notify the applicant in writing as to whether he/she/it has been admitted to membership.

## **Membership subscription**

- 14 Unless and until the directors otherwise determine, no membership subscription shall be payable; if the directors determine that a membership subscription should be payable, the detailed provisions in respect of the amount of the subscription, the date on which the annual membership subscription falls due and the consequences of non-payment (which may include expulsion from membership) shall be as prescribed by the directors from time to time.

## **Register of members**

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- 15 The directors shall maintain a register of members setting out the full name and address of each member, the date on which he/she/it was admitted to membership, and the date on which any person or body ceased to be a member together with (where applicable) details of the unincorporated body which nominated him/her for membership.

### **Withdrawal from membership**

- 16 Any individual or body who/which wishes to withdraw from membership shall sign (in the case of an incorporated body, through an appropriate officer), and lodge with the company a written notice of retiral (in such form as the directors require); on receipt of the notice by the company he/she/it shall cease to be a member.
- 17 Any unincorporated body which wishes to withdraw its nomination for membership shall lodge a notice in writing with the company to that effect (in such form as the directors require), signed on its behalf by one of its authorised officers; on receipt of the notice by the company, the individual admitted to membership on the basis of nomination by that body shall cease to be a member.

### **Expulsion from membership**

- 18 Subject to articles 19 to 23, the company may, by special resolution, expel any individual or body from membership.
- 19 Any member who/which wishes to propose at any meeting a resolution for the expulsion of any individual or body from membership shall lodge with the company written notice of his/her/its intention to do so (identifying the member concerned and specifying the grounds for the proposed expulsion) not less than 6 weeks before the date of the meeting.
- 20 The company shall, on receipt of a notice under the preceding article, forthwith send a copy of the notice to the member concerned, and the member concerned shall be entitled to make written representations to the company with regard to the notice.
- 21 If representations are made to the company in pursuance of the preceding article, the company shall (unless such representations are received by the company too late for it to do so):-
- 21.1 state the fact of the representations having been made in the notice convening the meeting at which the resolution is to be proposed; and
  - 21.2 send a copy of the representations to every individual/body to whom/which notice of the meeting is or was given.
- 22 Whether or not a copy of written representations has been given to each of the individuals and bodies entitled to receive notice of the meeting, the member concerned, or (in the case of a corporate body) the authorised

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representative of that body, shall be entitled to be heard on the resolution at the meeting.

- 23 Failure to comply with any of the provisions of articles 19 to 22 shall render any resolution for the expulsion of an individual/body from membership invalid.
- 24 An individual or body expelled from membership under articles 18 to 23 shall cease to be a member with effect from the time at which the relevant resolution is passed.
- 25 Any individual or body expelled from membership under the provisions of articles 18 to 24 shall not be eligible for readmission to membership for a period of 5 years following his/her/its expulsion.

#### **Termination/transfer**

- 26 Membership shall cease on death, or (in the case of a corporate body) on dissolution, liquidation or striking-off.
- 27 A member may not transfer his/her/its membership to any other individual or body.

#### **General meetings**

- 28 The directors shall convene an annual general meeting in each year.
- 29 Not more than 15 months shall elapse between one annual general meeting and the next.
- 30 The business of each annual general meeting shall include:-
- 30.1 a report by the Chair on the activities of the company;
  - 30.2 consideration of the annual accounts of the company;
  - 30.3 the election/re-election of directors, as referred to in articles 67 to 74.
- 31 The directors must convene a general meeting if there is a valid requisition by members (under section 303 of the 2006 Act) or a requisition by a resigning auditor (under section 518 of the 2006 Act).
- 32 Subject to the provisions of articles 28, 29 and 31, the directors may convene general meetings whenever they think fit.

#### **Notice of general meetings**

- 33 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.

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- 34 The reference to “clear days” in article 33 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.
- 35 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 56) (or a resolution requiring special notice under the Companies Acts) is to be proposed, state that fact, giving the exact terms of the resolution; and (c) contain a statement informing members of their right to appoint a proxy.
- 36 A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting.
- 37 Notice of every general meeting shall be given:-
- 37.1 in hard copy form;
- 37.2 (where the individual or body to whom/which notice is given has notified the company of an address to be used for the purpose of electronic communication) in electronic form; or
- 37.3 (subject to the company notifying members of the presence of the notice on a website and complying with the other requirements of section 309 of the 2006 Act) by means of a website.

### **Proceedings at general meetings**

- 38 No business shall be transacted at any meeting unless a quorum is present; 10 Community Members, present in person (in the case of a member which is an incorporated body, represented by its authorised representative) or represented by proxy, shall be a quorum.
- 39 Associate Members shall not be counted in determining whether a quorum is present at any general meeting.
- 40 If the quorum required under article 38 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.
- 41 The Chair of the company shall (if present and willing to act) preside as chairperson of the meeting; if the Chair of the company is not present and willing to act as chairperson of the meeting within half an hour of the time appointed for holding the meeting, the Vice Chair shall (if present and willing to act) preside as chairperson of the meeting.
- 42 If neither the Chair nor the Vice Chair is present and willing to act as chairperson of the meeting within half an hour of the time appointed for

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holding the meeting, the directors present shall elect one of their number to act as chairperson of the meeting, or, if there is only one director present and willing to act, he/she shall be chairperson of the meeting.

- 43 A director shall, notwithstanding that he/she is not a member, be entitled to attend and speak at any general meeting.
- 44 The chairperson of the meeting may, with the consent of the meeting at which a quorum is present (and must, if the meeting requests him/her to do so), adjourn the meeting but not for a period in excess of 30 days; no notice need be given of an adjourned meeting.
- 45 A resolution put to the vote of a meeting shall be decided on a show of hands unless before the show of hands, or immediately after the result of the show of hands is declared, a secret ballot is demanded by the chairperson of the meeting or by any person present at the meeting and entitled to vote (whether as a member, as the proxy for a member or as the authorised representative of a member which is an incorporated body).
- 46 If a secret ballot is demanded in accordance with the preceding article, it shall be taken at once and shall be conducted in such manner as the chairperson of the meeting may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

#### **Votes of members**

- 47 Every Community Member shall have one vote, which may be given either personally (in the case of a member which is an incorporated body, via its duly authorised representative) or (whether on a show of hands or on a secret ballot) by proxy.
- 48 For the avoidance of doubt, an Associate Member shall be entitled to attend and speak at any general meeting, but shall not be entitled to vote.
- 49 A Community Member who/which wishes to appoint a proxy to vote on his/her/its behalf at any meeting (or adjourned meeting):-
- 49.1 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 (as the case may be) signed by an appropriate officer of that member; or
- 49.2 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

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- doubt, in calculating the 48-hour period referred to in the preceding provisions of this article 49, no account shall be taken of any part of a day that is not a working day.
- 50 An instrument of proxy which does not conform with the provisions of article 49, or which is not lodged or sent in accordance with such provisions, shall be invalid.
- 51 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.
- 52 A proxy appointed to attend and vote at any meeting instead of a member shall have the same right as the member who/which appointed him/her to speak at the meeting and need not be a member of the company.
- 53 A member which is an incorporated body may authorise an individual to act as its representative at any general meeting of the company providing particulars of the individual so authorised and of the body which he/she is to represent are received by the company prior to the commencement of the relevant general meeting; the individual so authorised shall be entitled to exercise the same powers on behalf of the member which he/she represents as that incorporated body could exercise if it were an individual member.
- 54 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.
- 55 The chairperson of the meeting shall not be entitled to a casting vote if an equality of votes arises in relation to any resolution.

### **Special resolutions and ordinary resolutions**

- 56 For the purposes of these articles, a "special resolution" means (but subject to articles 59 to 62) a resolution of the members, which is passed by 75% or more of the votes cast on the resolution at a general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 33 to 37 (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).
- 57 In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Companies Acts allow the company, by special resolution: -

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- 57.1 to alter its name;
- 57.2 to alter its memorandum of association with respect to the company's objects;
- 57.3 to alter any provision of these articles or adopt new articles of association.
- 58 For the purposes of these articles (but subject to articles 59 to 62), an "ordinary resolution" means a resolution, which is passed by majority vote (taking account only of those votes cast in favour as compared with those votes cast against) at a general meeting, providing proper notice of the meeting has been given in accordance with articles 33 to 37.

### **Written resolutions**

- 59 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 2006 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).
- 60 For the purposes of the preceding article:-
- 60.1 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 2006 Act; or (b) if copies are sent or submitted to members on different days, the first of those dates);
- 60.2 the reference to "required majority" is to the majority required to pass an ordinary or a special resolution under the Companies Acts, as follows:-
- 60.2.1 in order to pass an ordinary resolution by way of written resolution, it must be passed (in accordance with article 59) by members representing a simple majority of the total voting rights of eligible members;
- 60.2.2 in order to pass a special resolution by way of written resolution, it must be passed (in accordance with article 59) 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.



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61 For the avoidance of doubt, a resolution to remove a director (under section 168 of the 2006 Act) or a resolution to remove an auditor (under section 510 of the 2006 Act) cannot be proposed as a written resolution under article 59.

62 For the purposes of article 59, 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 60), and the agreement of any member to a written resolution will be ineffective if signified after the expiry of that period.

### **Categories of director**

63 For the purposes of these articles: -

“**Elected Director**” means a director elected, re-elected or appointed under articles 67 to 74;

“**Co-opted Director**” means a director appointed or re-appointed under articles 75 to 77.

### **Number of directors**

64 The maximum number of directors shall be 10; out of this number, a maximum of 6 directors shall be Elected Directors and a maximum of 4 directors shall be Co-opted Directors.

### **Eligibility**

65 An individual shall not be eligible for election/appointment as an Elected Director unless he/she is a Community Member or has been nominated for election/appointment as a director by a Community Member which is an incorporated body; an individual appointed as a Co-opted Director need not be a member of the company.

66 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: Elected Directors**

67 At each annual general meeting, the Community Members may (subject to articles 64, 65 and 66) elect any Community Member (other than an employee of the company) as a director (“**an Elected Director**”), providing he/she is willing so to act.

68 The directors may at any time appoint any Community Member (providing he/she is willing to act and subject to articles 65 and 66) to be a director (“**an Elected Director**”), either to fill a vacancy or (subject to article 64) as an additional director.

69 A Community Member which is an incorporated body may (subject to article 70) nominate any individual for election/appointment as an Elected Director;

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he/she will then be deemed to be a Community Member for the purposes of articles 67 and 68.

- 70 No more than one individual nominated by any one incorporated body for election/appointment as an Elected Director may hold office as a director at any given time.
- 71 At the first annual general meeting, all of the directors of the Company shall retire from office.
- 72 At each annual general meeting (other than the first): -
- 72.1 any Elected Director appointed under article 68 during the period since the preceding annual general meeting shall retire from office;
- 72.2 out of the remaining Elected Directors, two shall retire from office.
- 73 The Elected Directors to retire under article 72.2 shall those who have been longest in office since they were last elected or re-elected; as between individuals 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.
- 74 A director who retires from office under article 71 or 72 shall (subject to articles 64 to 66) be eligible for re-election under article 67.

#### **Appointment/vacating of office/re-appointment: Co-opted Directors**

- 75 Subject to articles 64 and 66, the directors may at any time appoint any individual (other than an employee of the company) to be a director (a “Co-opted Director”) providing he/she is willing so to act, on the basis that he/she has special skills/experience which would be of assistance to the board.
- 76 At the conclusion of each annual general meeting, all of the Co-opted Directors shall vacate office.
- 77 Immediately following each annual general meeting, the directors may (subject to article 64) re-appoint any person who, as a co-opted director, vacated office under the preceding article at the conclusion of the annual general meeting; the directors may alternatively appoint someone in his/her place or resolve not to fill the vacancy.

#### **Disqualification and removal of directors**

- 78 A director shall vacate office if:-
- 78.1 he/she ceases to be a director by virtue of any provision of the Companies Acts 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);
- 78.2 he/she is sequestrated;

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- 78.3 he/she becomes incapable for medical reasons of fulfilling the duties of his/her office and such incapacity has continued, or is expected to continue, for a period of more than six months;
- 78.4 he/she becomes an employee of the company;
- 78.5 (in the case of an Elected Director) he/she ceases to be a Community Member or (if he/she was nominated by an incorporated body) the incorporated body which nominated him/her ceases to be a Community Member;
- 78.6 he/she resigns office by notice to the company;
- 78.7 he/she is absent (without permission of the directors) from more than three consecutive meetings of directors and the directors resolve to remove him/her from office;
- 78.8 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 89);
- 78.9 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
- 78.10 he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the 2006 Act.
- 79 A resolution under article 78.8 or 78.9 shall be valid only if:-
- 79.1 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;
- 79.2 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
- 79.3 at least two thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.

### **Appointments to offices**

- 80 The directors shall elect from among themselves a Chair, a Vice Chair, and such other office bearers (if any) as they consider appropriate.
- 81 All of the office bearers shall cease to hold office at the conclusion of each annual general meeting, but (subject to articles 82 and 83) shall then be eligible for re-election.

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- 82 A director who has held office as Chair for a period of more than five consecutive years shall not be eligible for re-appointment to the office of Chair until a further period of one year has elapsed.
- 83 For the purposes of article 82:-
- 83.1 the period between the date of appointment of a director to the office of Chair and the annual general meeting which next follows shall be deemed to be a period of one year, unless it is of less than six months' duration (in which case it shall be disregarded);
- 83.2 the period between one annual general meeting and the next shall be deemed to be a period of one year;
- 83.3 if a director ceases to hold office as Chair but is re-appointed to that office within a period of six months, he/she shall be deemed to have held that office continuously.
- 84 An individual 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.

#### **Directors' interests**

- 85 Subject to the provisions of the Companies Acts and of the Charities and Trustee Investment (Scotland) Act 2005 and of clause 4 of the memorandum of association 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 89), a director (notwithstanding his/her office):-
- 85.1 may be a party to, or have some other personal interest in, any transaction or arrangement with the company or any associated company;
- 85.2 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;
- 85.3 may be a director or secretary of, or employed by, or have some other personal interest in, any associated company; and
- 85.4 shall not, because of his/her office, be accountable to the company for any benefit which he/she derives from any such office or employment or from any such transaction or arrangement or from any interest in any such company,
- and no such transaction or arrangement shall be liable to be treated as void on the ground of any such interest or benefit.
- 86 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

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knowledge shall not be treated as an interest of his/hers; the references to “associated company” shall be interpreted as references to any subsidiary of the company or any other company in which the company has a direct or indirect interest.

### **Conduct of directors**

- 87 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 clause 3 of the memorandum of association) and will be in the best 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.
- 88 Without prejudice to the principle set out in article 87, 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:-
- 88.1 seek, in good faith, to ensure that the company acts in a manner which is in accordance with its purposes;
  - 88.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
  - 88.3 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
    - 88.3.1 put the interests of the company before that of the other party;
    - 88.3.2 where any other duty prevents him/her from doing so, disclose the conflicting interest to the company and refrain from participating in any deliberation or decision of the other directors with regard to the matter in question;
  - 88.4 ensure that the company complies with any direction, requirement, notice or duty imposed under or by virtue of the Charities and Trustee Investment (Scotland) Act 2005.
- 89 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.

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### **Directors' remuneration and expenses**

- 90 No director may serve as an employee of the company, and no director may be given any remuneration by the company for carrying out his/her duties as a director or as Chair or as the holder of any other office under article 80.
- 91 The directors may be paid all travelling and other expenses properly incurred by them in connection with their attendance at meetings of directors, general meetings, meetings of committees of directors or otherwise in connection with the carrying-out of their duties.

### **Powers of directors**

- 92 Subject to the provisions of the Companies Acts, the memorandum of association and these articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company.
- 93 No alteration of the memorandum of association or 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.
- 94 The powers conferred by article 92 shall not be limited by any special power conferred on the directors by these articles.
- 95 A meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

### **Proceedings of directors**

- 96 Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit.
- 97 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.
- 98 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.
- 99 The quorum for the transaction of the business of the directors shall (subject to articles 100 and 101) be 5.
- 100 A quorum shall not be deemed to be constituted at any meeting of the directors unless the number of Elected Directors attending the meeting exceeds the number of Co-opted Directors in attendance.

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- 101 During the period from the date on which these articles of association are adopted until the conclusion of the first annual general meeting of the company:-
- 101.1 the quorum for the transaction of the business of the directors shall be 3; and
- 101.2 the provisions of article 100 shall not apply.
- 102 If the quorum required under article 99 (as read with articles 100 and 101) 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.
- 103 A director may participate in a meeting of the directors or a meeting of a committee of directors by means of a conference telephone, video conferencing facility or similar communications equipment whereby all the directors participating in the meeting can hear each other; a director participating in a meeting in this manner shall be deemed to be present in person at the meeting.
- 104 The continuing directors or a sole continuing director may act notwithstanding vacancies, but if the number of remaining directors is less than the number fixed as the quorum they may act only for the purpose of filling vacancies or of calling a general meeting.
- 105 Unless he/she is unwilling to do so, the Chair of the company shall preside as chairperson at every meeting of directors at which he/she is present; if the Chair of the company is unwilling to act as chairperson of a meeting of directors or is not present within 15 minutes after the time appointed for the meeting, the Vice Chair shall preside as chairperson.
- 106 If neither the Chair of the company nor the Vice Chair is willing to act as chairperson of a meeting of directors, or if neither is 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.
- 107 The directors shall be entitled to allow any person to attend and speak (but not vote) at any meeting of the directors; a person invited to attend a meeting of the directors under the preceding provisions of this article 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 Companies Acts or any provision of these articles.
- 108 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

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had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

- 109 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.
- 110 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.
- 111 For the purposes of the preceding article:-
- 111.1 an interest of a person who is taken to be connected with a director for any purpose of the 2006 Act, shall be treated as a personal interest of the director; and
- 111.2 a director shall be deemed to have a personal interest in relation to a particular matter if a body in relation to which he/she is an employee, director, member of the management committee, officer or elected representative has an interest in that matter.
- 112 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.
- 113 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 110 to 112.
- 114 If a question arises at a meeting of directors or at a meeting of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairperson of the meeting; his/her ruling in relation to any director other than himself/herself shall be final and conclusive.

#### **Delegation to committees of directors and holders of offices**

- 115 The directors may delegate any of their powers to any committee consisting of two or more directors; they may also delegate to the Chair of the company or a director holding any other office such of their powers as they consider appropriate.
- 116 Any delegation of powers under the preceding article may be made subject to such conditions as the directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered.



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117 Subject to any condition imposed in pursuance of the preceding article, the proceedings of a committee consisting of two or more directors shall be governed by the articles regulating the proceedings of meetings of directors so far as they are capable of applying.

118 In addition to their powers under article 115, the directors may delegate their powers to any committee consisting of one or more directors and such other individuals (who need not be directors or employees of the company) as the directors may consider appropriate; the provisions of articles 116 and 117 shall apply in relation to any such committee, subject to the qualification that the role of any committee formed under the preceding provisions of this article shall be limited (except to the extent that the directors otherwise determine) to the issue of reports and recommendations for consideration by the board of directors.

### **Secretary**

119 The directors shall (notwithstanding the provisions of the 2006 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**

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

### **Accounts**

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

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

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

### **Notices**

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

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- 125 The company may give any notice to a member either personally or by sending it by post in a pre-paid envelope addressed to the member at his/her/its registered address or by leaving it at that address; in the case of a member who/which has notified the company of an electronic address to be used for this purpose, the company may give any notice to that member by way of electronic means.
- 126 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.
- 127 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.
- 128 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.
- 129 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**

- 130 If the company is wound up, the liquidator shall give effect to the provisions of clause 7 of the memorandum of association.

### **Indemnity**

- 131 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 2006 Act) out of the assets of the company against any loss or liability which he/she may sustain or incur in connection with the execution of the duties of his/her office including, without prejudice to that generality (but only to the extent permitted by those sections of the 2006 Act), any liability incurred by him/her in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.
- 132 For the avoidance of doubt, the company shall be entitled to purchase and maintain for any director insurance against any loss or liability which any director or other officer of the company may sustain or incur in connection

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with the execution of the duties of his/her office, and such insurance may extend to liabilities of the nature referred to in section 232(2) of the 2006 Act (negligence etc. of a director).

### **Interpretation**

133 In these articles:-

“the 2006 Act” means (subject to article 134) the Companies Act 2006;

“the Companies Acts” means (subject to article 134) the Companies Acts 1985 to 2006.

134 Any reference in these articles to a statutory provision shall be taken to include any statutory modification or re-enactment of that provision which is in force at the time.

135 References in these articles to the singular shall be deemed to include the plural.