

SC313851

THE COMPANIES ACT 2006

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

ARTICLES OF ASSOCIATION

of

CULTURE AND SPORT GLASGOW

(as adopted by member's written special resolution dated 20 March 2017)

FRIDAY



S63DJ7G1

SCT

31/03/2017

#343

COMPANIES HOUSE

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

ARTICLES OF ASSOCIATION

of

CULTURE AND SPORT GLASGOW

CONTENTS		
GENERAL	constitution of the company, defined terms, objects, powers, restrictions on use of assets, limit on liability, general structure	articles 1 - 12
MEMBERS	qualifications, application, subscription, register, withdrawal, termination/transfer	articles 12-20
GENERAL MEETINGS (meetings of members)	general, notice, procedure, special/ordinary resolutions, written resolutions	articles 21-51
DIRECTORS	categories, number, composition, eligibility, appointment/removal/retirement: Partner Directors, appointment/removal: Independent Directors, retirement: Independent Directors, Executive Director, termination of office, register, appointments to offices, powers, personal interests	articles 52-82
DIRECTORS' MEETINGS	procedure, conduct of directors	articles 92-84
ADMINISTRATION	committees, operation of bank accounts, secretary, minutes, accounting records and annual accounts, notices	articles 110-130
MISCELLANEOUS	winding-up, indemnity, interpretation	articles 132-135

Constitution of the company

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

Defined terms

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

- 2.1 "the Act" means the Companies Act 2006;
 - 2.2 "charity" means a body which is either a "Scottish charity" within the meaning of section 13 of the Charities and Trustee Investment (Scotland) Act 2005 or a "charity" within the meaning of section 1 of the Charities Act 2006, providing (in either case) that its objects are limited to charitable purposes;
 - 2.3 "charitable purpose" means a charitable purpose under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;
 - 2.4 "conflict of interest" includes a conflict of interest and duty, and a conflict of duties;
 - 2.5 "Conflict Situation" means any situation or matter (other than one which cannot reasonably be regarded as likely to give rise to a conflict of interest) in which any director has or could have a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the company including (without limitation) any such situation or matter which relates to the exploitation of any property, information or opportunity (irrespective of whether the company could take advantage of the property, information or opportunity);
 - 2.6 "electronic form" has the meaning given in section 1168 of the Act;
 - 2.7 "OSCR" means the Office of the Scottish Charity Regulator;
 - 2.8 "property" means any property, heritable or moveable, real or personal, wherever situated; and
 - 2.9 "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 objects of the company are:-
- 4.1 To advance the arts, heritage, culture and science;
 - 4.2 To advance education;
 - 4.3 To advance public participation in sport which involves physical skill and exertion;
 - 4.4 To advance health;

- 4.5 To promote civic responsibility, volunteering, the voluntary sector and/or the effectiveness or efficiency of charities;
- 4.6 To provide recreational facilities, and organise recreational activities, where such facilities/activities are available to members of the public at large with the object of improving their conditions of life;
- 4.7 To relieve those in need by reason of age, ill-health, disability, financial hardship or other disadvantage;
- 4.8 To advance citizenship and community development (including urban regeneration) by harnessing the cultural and leisure assets of Glasgow, the contribution made by activities in furtherance of paragraphs 4.1 to 4.7, and a range of other measures, to increase vibrancy and promote positive perceptions of Glasgow as a place to work, live, study, play, visit and invest – in a common effort with other public, private and third sector partners to address issues of social, economic and physical deprivation across the City of Glasgow, including health inequalities, social exclusion and unemployment;
- 4.9 To advance such similar charitable purposes as the directors may consider appropriate from time to time;

through the provision of services (including those entrusted to it by Glasgow City Council) which contribute to advancing well-being (primarily the well-being of residents of Glasgow) including (i) the operation, management and development of museums, art galleries and other facilities which provide public access to collections of works of art, antiquities and objects of scientific interest; (ii) the development and delivery of arts and cultural activities and events, artistic programmes, scientific/research programmes and educational projects; (iii) the operation, management and development of libraries and the provision of library and archive services; (iv) the operation, management and development of indoor and outdoor sports facilities (including arrangements to facilitate access to such facilities by those on lower incomes or having special needs and to encourage wider participation in healthy exercise); (v) the development and delivery of sports activities and events directed towards wider participation in sport; (vi) the development and delivery of community learning and adult learning initiatives; and (vii) the delivery of services focussed on social renewal and the needs of young people.

- 5 The company's objects are restricted to those set out in article 4 (but subject to article 6).
- 6 The company may (subject to first obtaining the consent of OSCR) add to, remove or alter the statement of the company's objects in article 4; on any occasion when it does so, it must give notice to the registrar of companies and the amendment will not be effective until that notice is registered on the register of companies.

Powers

7. In pursuance of the objects listed in article 4 (but not otherwise), the company shall have the following powers:-

- 7.1 To initiate, promote, conduct, participate in, co-ordinate, monitor and/or assist (whether financially or otherwise), operations, projects, initiatives and events of all kinds which further any of the objects of the company.
- 7.2 To advise in relation to, prepare, organise, conduct and/or support exhibitions, conferences, seminars and workshops, and educational and training events, courses and programmes of all kinds.
- 7.3 To carry on any other activity which may be appropriately carried on in connection with, or as ancillary to, any of the objects of the company.
- 7.4 To design, prepare, publish and/or distribute information packs, leaflets, books, newsletters, magazines, posters and other publications, audio and video recordings, multimedia products and display materials, and to create and maintain a database or databases.
- 7.5 To provide information, advisory, support, consultancy and/or other services which further the objects of the company.
- 7.6 To establish and/or participate in joint ventures and to promote companies and/or other bodies whose activities may further one or more of the above objects or may generate income to support the activities of the company, acquire and hold shares, stocks, debentures and other interests in such companies or other bodies, and carry out in relation to any such company which is a subsidiary of the company, all such functions as may be associated with a holding company.
- 7.7 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.
- 7.8 To purchase, take on lease, hire, or otherwise acquire, any property or rights which are suitable for the company's activities.
- 7.9 To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.
- 7.10 To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
- 7.11 To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
- 7.12 To borrow money, and to give security in support of any such borrowings by the company, in support of any obligations undertaken

by the company or in support of any guarantee issued by the company.

- 7.13 To employ such staff as are considered appropriate for the proper conduct of the company's activities, and to make reasonable provision for the payment of pension and/or other benefits for members of staff, ex-members of staff and their dependants.
- 7.14 To engage such consultants and advisers as are considered appropriate from time to time.
- 7.15 To effect insurance of all kinds (which may include officers' liability insurance).
- 7.16 To invest any funds which are not immediately required for the company's activities in such investments as may be considered appropriate (and to dispose of, and vary, such investments).
- 7.17 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.
- 7.18 To establish and/or support any other charity, and to make donations for any charitable purpose falling within the company's objects.
- 7.19 To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.
- 7.20 To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them).
- 7.21 To oppose, or object to, any application or proceedings which may prejudice the company's interests.
- 7.22 To enter into any arrangement with any organisation, government or authority which may be advantageous for the purposes of the activities of the company, and to enter into any arrangement for co-operation or mutual assistance with any charity.
- 7.23 To do anything which may be incidental or conducive to the furtherance of any of the company's objects.

Restrictions on use of the company's assets

- 8 Subject to clauses 9 and 132:
 - 8.1 the income and property of the company shall be applied solely towards the promotion of its objects (as set out in article 4);
 - 8.2 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;

- 8.3 no director of the company (other than the Executive Director) shall be appointed to any office under the company in respect of which a salary or fee is payable; and
- 8.4 no benefit (in money or money's worth) shall be given by the company to any director (other than the Executive Director) except in repayment of out-of-pocket expenses.
- 9 The company shall, notwithstanding the provisions of clause 8, be entitled
- 9.1 to pay a rent not exceeding the market rent for premises let to the company by any member of the company; and
- 9.2 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

- 10 The liability of the members is limited.
- 11 Every member of the company undertakes that if the company is wound up while it is a member (or within one year after it ceases to be a member), it will contribute - up to a maximum of £1 - to the assets of the company, to be applied towards payment of the company's debts and liabilities contracted before it ceases to be a member, payment of the costs, charges and expenses of winding up and adjustment of the rights of the contributories among themselves.

Qualifications for membership

- 12 The members of the company shall consist of such other bodies as are admitted to membership under the articles of association of the company in force from time to time.
- 13 Membership shall be open only to Glasgow City Council.

Application for membership

- 14 Any incorporated body eligible for membership under article 13 (as amended from time to time) which wishes to become a member must sign, and lodge with the company, a written application for membership (in such form as the directors require); the application for membership shall be signed on the relevant body's behalf by an appropriate officer of that body.
- 15 A body eligible for membership under article 13 shall automatically constitute a member of the company immediately upon receipt by the company of the application for membership, duly signed in accordance with article 14.

Membership subscription

- 16 No membership subscription shall be payable.

Register of members

- 17 The directors shall maintain a register of members, setting out the full name and address of each member, the date on which it was admitted to membership, and the date on which any body ceased to be a member.

Withdrawal from membership

- 18 Any body which wishes to withdraw from membership shall lodge with the company a written notice to that effect (in such form as the directors require), signed on its behalf by an appropriate officer; on receipt of the notice by the company, it shall cease to be a member.

Termination/transfer

- 19 Membership shall cease on receivership, liquidation, dissolution or striking-off of the corporate body which constituted the member.
- 20 A member may not transfer its membership to any other person or body.

General meetings (meetings of members)

- 21 The directors shall convene an annual general meeting in each year.
- 22 Not more than 15 months shall elapse between one annual general meeting and the next.
- 23 The business of each annual general meeting shall include:-
- 23.1 a report by the chair on the activities of the company; and
 - 23.2 consideration of the annual accounts of the company.
- 24 Subject to articles 21, 22 and 25, the directors may convene general meetings whenever they think fit.
- 25 The directors must convene a general meeting if there is a valid requisition by members (under section 303 of the Act) or a requisition by a resigning auditor (under section 518 of the Act).

Notice of general meetings

- 26 At least 14 clear days' notice of a general meeting must be given to all the members, directors and (if auditors are in office at the time) to the auditors.
- 27 The reference to "clear days" in article 26 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.

- 28 A notice calling a meeting shall specify the date, time and place of the meeting; it shall:
- 28.1 indicate the general nature of the business to be dealt with at the meeting;
 - 28.2 if a special resolution (see article 45) (or a resolution requiring special notice under the Act) is to be proposed, state that fact, giving the exact terms of the resolution; and
 - 28.3 contain a statement informing members of their right to appoint a proxy.
- 29 A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting.
- 30 Notice of every general meeting shall be given:
- 30.1 in hard copy form;
 - 30.2 (where the 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
 - 30.3 (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.

Procedure at general meetings

- 31 No business shall be dealt with at any general meeting unless a quorum is present; one person present and entitled to vote (being a proxy for a member or a duly authorised representative of a member which is a corporate body) shall be a quorum.
- 32 If the quorum required under article 31 is not present within half an hour after the time at which a general meeting was due to commence - or if, during a meeting, a quorum ceases to be present - the meeting shall stand adjourned to such time and place as may be fixed by the chairperson of the meeting.
- 33 The Chair shall (if present and willing to act as chairperson) preside as chairperson of each general meeting; if the Chair is not present and willing to act as chairperson within 15 minutes after the time at which the meeting was due to commence, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.
- 34 If the Chair is not present and willing to act as chairperson of the meeting within 15 minutes after the time appointed for holding the meeting and there is only one director present and willing to act, he/she shall be chairperson of the meeting.

- 35 Each of the directors shall, notwithstanding that he/she is not a member, be entitled to attend and speak at any general meeting.
- 36 The chairperson of a general 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.

Votes of members

- 37 Every member shall have one vote, which (whether on a show of hands or on a secret ballot) may be given either personally, (in the case of a member which is a corporate body by its duly authorised representative present at the meeting) or by proxy.

- 38 A member who wishes to appoint a proxy to vote on its behalf at any meeting:

38.1 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 an appropriate officer of that member; or

38.2 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).

- 39 For the avoidance of doubt, in calculating the 48-hour period referred to in article 38 no account shall be taken of any day that is not a working day.
- 40 An instrument of proxy, or electronic communication containing the appointment of a proxy, which does not conform with the provisions of article 38, or which is not lodged or sent in accordance with such provisions, shall be invalid.
- 41 A member shall not be entitled to appoint more than one proxy to attend the same meeting.
- 42 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.
- 43 The chairperson of a general meeting shall not be entitled to a casting vote if an equality of votes arises in relation to any resolution.
- 44 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 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.

Special resolutions and ordinary resolutions

- 45 For the purposes of these articles, a "special resolution" means (without prejudice to articles 48 to 51) 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 26 to 30; 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.
- 46 In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the company, by special resolution:
- 46.1 to alter its name; and
 - 46.2 to alter any provision of these articles or adopt new articles of association.
- 47 For the purposes of these articles, an "ordinary resolution" means (without prejudice to articles 48 to 51) a resolution passed by majority vote (taking account only of those votes cast in favour as compared with those votes against) at a general meeting, providing proper notice of the meeting has been given in accordance with articles 26 to 30.

Written resolutions

- 48 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).
- 49 For the purposes of the preceding article:
- 49.1 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);the reference to “required majority” is to the majority required to pass an ordinary or a special resolution under the Act, as follows:-

49.1.1 in order to pass an ordinary resolution by way of written resolution, it must be passed (in accordance with article 48) by members representing a simple majority of the total voting rights of eligible members;

49.1.2 in order to pass a special resolution by way of written resolution, it must be passed (in accordance with article 48) 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.

50 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 48.

51 For the purposes of article 48, 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 49), and the agreement of any member to a written resolution will be ineffective if signified after the expiry of that period.

Categories of director

52 For the purposes of these articles

52.1 “**Partner Director**” means a director appointed or re-appointed under articles 55 to 59;

52.2 “**Independent Director**” means a director appointed or re-appointed under articles 60 to 65;

52.3 “**Executive Director**” means the director appointed or re-appointed under articles 66 and 67.

Number of directors

53 The maximum number of directors shall be 14; out of that number:

53.1 a maximum of 5 directors shall be Partner Directors;

53.2 a maximum of 8 directors shall be Independent Directors; and

53.3 no more than one shall be the Executive Director.

Composition of the board: general

54 The composition of the board shall reflect the following principles:

- 54.1 except in the case of the Executive Director, an individual shall not be eligible for appointment as a director if he/she is an employee of the company;
- 54.2 the Nominations Committee shall, without displacing its primary focus on the skills that candidates would bring to the board, take account, in the course of carrying out its functions, of principles of good practice as regards equalities issues.

Appointment, removal, retirement: Partner Directors

- 55 Subject to articles 53 and 57, Glasgow City Council, so long as it remains a member of the company, may by notice in writing, signed on its behalf by an appropriate officer and given to the company:-
- 55.1 appoint any elected member of Glasgow City Council who is willing so to act to be a director (a "Partner Director"); or
- 55.2 remove any Partner Director from office as a director.
- 56 Any appointment or removal of a director under article 55 shall have effect from the date on which the relevant notice is given to the company.
- 57 The powers conferred by article 55 shall be deemed to be limited such that no more than five individuals appointed by Glasgow City Council may hold office as Partner Directors at any given time.
- 58 At the conclusion of each annual general meeting, two of the Partner Directors shall vacate office but shall then be eligible for re-appointment under article 55.
- 59 The Partner Directors to vacate office under the provisions of article 58 shall be those who have been longest in office since they were last appointed or re-appointed; as between two or more Partner Directors who were last appointed/re-appointed on the same date, the question of which of them is to retire shall be determined by some random method.

Appointment, removal: Independent Directors

- 60 Subject to articles 53 and 62, Glasgow City Council, so long as it remains a member of the company, may by notice in writing, signed on its behalf by an appropriate officer and given to the company:-
- 60.1 appoint any person (other than an elected representative or officer of Glasgow City Council) who is willing so to act to be a director (an "Independent Director"); or
- 60.2 remove any Independent Director from office as a director.
- 61 Any appointment or removal of a director under article 60 shall have effect from the date on which the relevant notice is given to the company.

- 62 The powers conferred by article 60 shall be deemed to be limited such that
- 62.1 no more than eight individuals appointed by Glasgow City Council may hold office as Independent Directors at any given time;
 - 62.2 the Independent Directors shall be appointed on the basis of their having skills and experience which, in the opinion of Glasgow City Council, would allow them to make a substantial contribution to the work of the board of directors.
- 63 Glasgow City Council shall be guided by the Nominations Committee (as defined in article 114) in relation to the selection of appropriate individuals for appointment as Independent Directors.

Retirement: Independent Directors

- 64 Each of the Independent Directors shall hold office until the conclusion of the third annual general meeting which follows the date on which he/she was appointed or (as the case may be) was last re-appointed; but shall then be eligible for re-appointment under article 60; if re-appointed, he/she shall hold office until the conclusion of the third annual general meeting which follows, but will then be eligible for further re-appointment under article 60.
- 65 For avoidance of doubt
- 65.1 there shall be no limit on the number of occasions on which a given Independent Director can be re-appointed under article 60;
 - 65.2 Glasgow City Council shall be guided by the Nominations Committee in relation to the question of whether an Independent Director vacating office under article 64 should be re-appointed.

Executive Director

- 66 The directors shall, at the first meeting of the directors which is held after the appointment of any individual to the post of chief executive of the company, appoint that individual as a director ("**the Executive Director**") of the company.
- 67 The Executive Director shall continue to hold office as a director of the company unless and until he/she ceases (for whatever reason) to hold the post of chief executive of the company.

Termination of office

- 68 A director shall automatically vacate office if:-
- 68.1 he/she ceases to be a director through the operation of any provision of the Act or becomes prohibited by law from being a director;
 - 68.2 he/she becomes debarred under any statutory provision from being a charity trustee;

- 68.3 he/she is sequestered;
 - 68.4 he/she becomes incapable for medical reasons of fulfilling the duties of his/her office and such incapacity is expected to continue for a period of more than six months;
 - 68.5 in the case of a Partner Director, the corporate body which nominated him/her for election/appointment as a director ceases to be a member of the company;
 - 68.6 (except in the case of the Executive Director) he/she becomes an employee of the company;
 - 68.7 in the case of the Executive Director, he/she ceases to hold the post of chief executive officer under the company;
 - 68.8 he/she resigns office by notice to the company;
 - 68.9 he/she is absent (without permission of the directors) from more than three consecutive meetings of the directors, and the directors resolve to remove him/her from office;
 - 68.10 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 84);
 - 68.11 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 sub-sections 66(1) or (2) of the Charities and Trustee Investment (Scotland) Act 2005; or
 - 68.12 he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the Act.
- 69 A resolution under paragraph 68.10 or 68.11 shall be valid only if:-
- 69.1 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;
 - 69.2 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;
 - 69.3 at least two thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.

Register of directors

- 70 The directors shall maintain a register of directors, setting out full details of each director, the name of the corporate member which nominated each

director (if applicable), the date on which he/she became a director, and the date on which any person ceased to hold office as a director.

Appointments to offices

- 71 Directors shall be appointed to hold the office of Chair and such other offices (which shall include the chair of the Audit Committee (as defined in article 118) as the directors may consider appropriate.
- 72 The appointments under article 71 shall be made at meetings of directors.
- 73 Each office shall be held (subject to article 74) until the conclusion of the annual general meeting which next follows; a director whose period of office expires under this article may be re-appointed to that office under article 71 (providing he/she is willing to act).
- 74 The appointment of any director as Chair, or as holder of an office under article 71, shall terminate if he/she ceases to be a director or if he/she resigns from that office by notice to the company.
- 75 If the appointment of a director to any office under article 71 terminates, the directors shall appoint another director to hold the office in his/her place.

Personal interests

- 76 For the purposes of the preceding article, a director shall be deemed to have a personal interest in an arrangement if any partner or other close relative of his/hers or any firm of which he/she is a partner or any limited company of which he/she is a substantial shareholder or director (or any other party who/which is deemed to be connected with him/her for the purposes of the Act), has a personal interest in that arrangement.
- 77 Subject to the provisions of the Act and of articles 8 and 9 of these articles 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 84), a director (notwithstanding his/her office):-
- 77.1 may be a party to, or have some other personal interest in, any transaction or arrangement with the company or any associated company;
- 77.2 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;
- 77.3 in the case of the Executive Director, may be employed by the company;
- 77.4 may be a director or secretary of, or employed by, or have some other personal interest in, any associated company; and

77.5 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.

78 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.

79 Without prejudice to article 76, a director may be an officer, elected representative or employee of Glasgow City Council; the duty of directors under section 175 of the Act to avoid situations under which they have, or could have, a direct or indirect interest that conflicts or possibly might conflict, with the interests of the company shall not extend to any such relationship with the Glasgow City Council.

80 In addition to the authorisation given by article 79, 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.

81 For the avoidance of doubt, articles 79 and 80 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 76, 78, 104 to 109 and the code of conduct referred to in article 84.

82 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 84.

Conduct of directors

83 Each of the directors shall, in exercising his/her functions as a director of the company, act in the interests of the company; and, in particular, must

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

83.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;

- 83.3 in circumstances giving rise to the possibility of a conflict of interest between the company and any other party;
- 83.3.1 put the interests of the company before that of the other party, in taking decisions as a director;
- 83.3.2 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;
- 83.4 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.
- 84 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

- 85 No director (other than the Executive Director) may serve as an employee of the company and (subject to article 86) 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 71.
- 86 The Executive Director shall, notwithstanding that he/she is a director of the company, be entitled to retain all remuneration, and all pension and/or other benefits, paid or provided to him/her in his/her capacity as an employee of the company.
- 87 The directors may be paid all travelling and other expenses reasonably incurred by them in connection with their attendance at meetings of the directors, general meetings, or meetings of committees, or otherwise in connection with the carrying-out of their duties.

Powers of directors

- 88 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.
- 89 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.
- 90 The powers conferred by article 88 shall not be limited by any special power conferred on the directors by these articles.

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

Procedure at directors' meetings

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

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

94 Questions arising at a meeting of the directors shall be decided by a majority of votes; if an equality of votes arises, the chairperson of the meeting shall have a casting vote.

95 No business shall be dealt with at a meeting of the directors unless a quorum is present; the quorum for meetings of the directors shall be (subject to article 96) 6.

96 A quorum shall not be deemed to be constituted at any meeting of the directors unless at least two Independent Directors are present at the meeting.

97 If the quorum required under article 95 (as read with article 96) 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.

98 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.

99 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 calling a general meeting.

100 Unless he/she is unwilling to do so, the Chair of the company shall preside as chairperson at every directors' meeting at which he/she is present; if the chair is unwilling to act as chairperson or is not present within 15 minutes after the time when the meeting was due to commence, the directors present shall elect from among themselves the person who will act as chairperson of the meeting.

101 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 Act or any provision of these articles.
- 102 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.
- 103 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.
- 104 Subject to article 106, 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.
- 105 For the purposes of the preceding article:-
- 105.1 an interest of a person who is taken to be connected with a director for any purpose of the Act; and
- 105.2 a director shall (subject to article 106) 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.
- 106 A Partner Director shall, notwithstanding the provisions of article 104 and paragraph 105.2) be entitled to vote in relation to a particular matter notwithstanding that Glasgow City Council has an interest in that matter; but on the basis that in exercising their voting rights in respect of any such matter, the Partner Directors shall comply with the provisions of articles 83, 83 and 84.
- 107 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.
- 108 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 104 to 107.
- 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.

Delegation to committees of directors and holders of offices

- 110 The directors may delegate any of their powers to any committee consisting of two or more directors; they may also delegate to the Chair or a director holding any other office such of their powers as they consider appropriate.
- 111 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.
- 112 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.
- 113 In addition to their powers under article 110, 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 111 and 112 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.

Nominations Committee

- 114 The directors shall establish a committee (referred to in these articles as "the Nominations Committee") to guide Glasgow City Council in relation to the selection of appropriate individuals for appointment as Independent Directors.
- 115 The Nominations Committee shall, insofar as is appropriate, comprise the Chair of the company, the Executive Director and two individuals (one being a Partner Director and one being an Independent Director) appointed by the board of directors.
- 116 Subject to article 115, the composition and proceedings of the Nominations Committee shall be governed by such standing orders as may be issued by the directors from time to time.
- 117 In carrying out its functions, the Nominations Committee shall give effect to the following principles:-
- 117.1 the Nominations Committee should set an appropriate skills matrix to guide it in selecting and evaluating appropriate candidates, and should review and adjust that skills matrix from time to time;

- 117.2 nominations for directors falling within the remit of the Nominations Committee should be sought from a range of appropriate sources;
- 117.3 all expressions of interest should be considered by the Nominations Committee; and
- 117.4 the Nominations Committee should maintain a register of suitable candidates for future reference.

Audit Committee

- 118 The directors shall establish a committee (referred to in these articles as "the Audit Committee") to assist the board of directors in fulfilling its responsibilities with regard to oversight of (a) the company's financial statements and auditing, accounting and related reporting processes and (b) the company's systems of internal control regarding finances, accounting and financial reporting.
- 119 The Audit Committee shall comprise the chair of the Audit Committee (as appointed in pursuance of article 71) and at least two other individuals (who need not be directors of the company) appointed by the board of directors.
- 120 Subject to article 119, the composition and proceedings of the Audit Committee shall be governed by such standing orders as may be issued by the directors from time to time.

Secretary

- 121 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

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

Accounting records and annual accounts

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

conferred by statute or as authorised by the directors or as authorised by ordinary resolution of the company.

Notices

- 126 Any notice to be given to a member under these articles shall be given either in writing or by electronic means.
- 127 The company may give any notice to a member under these articles either personally to the member or by sending it by post in a pre-paid envelope addressed to the member at the address last intimated by it to the company or by leaving it at that address; alternatively, in the case of a member which has notified the company of an address to be used for the purpose of electronic communications, the company may give any notice to that member by electronic means.
- 128 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.
- 129 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.
- 130 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.
- 131 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

- 132 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 Glasgow City Council to be used solely for a charitable purpose or charitable purposes.
- 133 To the extent that effect cannot be given to article 132, the relevant property shall be applied to some charitable purpose or purposes.

Indemnity

- 134 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.

- 135 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).