

SC 251900

THE COMPANIES ACT 1985

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION of

ITI SCOTLAND LIMITED

(as amended by special resolution passed on 11th January 2016)

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Membership

1. The subscribers to the memorandum of association and such other individuals and bodies as are admitted to membership under articles 4 to 6 shall be the members of the company.
2. 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.
3. A member may not transfer his/her/its membership to any other individual or body.

Qualifications for membership

4. Membership shall be open to the following:
 - (i) Scottish Enterprise;
 - (ii) Highlands and Islands Enterprise.

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Application for membership

5. Any incorporated body eligible for membership under article 4 which wishes to become a member shall 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 authorised officer of that body.
6. A body or individual eligible for membership under article 4 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 5.

Withdrawal from membership

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

General meetings

8. All general meetings other than annual general meetings are to be called extraordinary general meetings.
9. The directors must convene an extraordinary general meeting if there is a valid requisition by members (under section 368 of the Act) or a requisition by a resigning auditor (under section

392A of the Act).

10. Subject to the preceding article and to the requirements under section 366 of the Act (which lay down the maximum period which can pass before the first annual general meeting and the maximum period between one annual general meeting and the next), the directors may convene general meetings whenever they think fit.

Notice of general meetings

11. At least twenty one clear days' notice must be given of (a) an annual general meeting or (b) an extraordinary general meeting at which a special resolution (see article 16) or a resolution requiring special notice under the Act is to be proposed, all other extraordinary general meetings shall be called by at least fourteen clear days' notice.
12. The reference to "clear days" in article 11 shall be taken to mean that, in calculating the period of notice, the day after the notice is posted, and also the day of the meeting, should be excluded.
13. A notice calling a meeting shall specify the time and place of the meeting, it shall (a) indicate the general nature of any business to be dealt with at the meeting and (b) if a special resolution (see article 16) (or a resolution requiring special notice under the Act) is to be proposed, shall also state that fact, giving the exact terms of the resolution.
14. A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting.
15. Notice of every general meeting shall be given (either in writing or, where the individual or body to which notice is given has notified the company of an address to be used for the purpose of electronic communication, by way of electronic communications) to all the members and directors and (if there are auditors in office at the time) to the auditors.

Special resolutions and ordinary resolutions

16. For the purposes of these articles, a "special resolution" means a resolution passed by 75% or more of the votes cast on the resolution at an annual general meeting or extraordinary general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 11 to 15, 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.
17. In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the company, by special resolution:
 - (i) to alter its name;
 - (ii) to alter its memorandum of association with respect to the company's objects; and
 - (iii) to alter any provision of these articles or adopt new articles of association.
18. For the purposes of these articles, an "ordinary resolution" means a resolution passed by majority vote (taking account only of those votes cast in favour as compared with those votes cast against) at an annual general meeting or extraordinary general meeting, providing proper notice of the meeting has been given in accordance with articles 11 to 15.

Proceedings at general meetings

19. The quorum for transaction of business at any general meeting shall be two.
20. If the quorum required under article 19 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.
21. The Chair shall (if present and willing to act) preside as chairperson of the meeting, 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, the Vice Chair shall act as chairperson of the meeting.

22. If neither the Chair nor the Vice Chair is present and willing to act as chairperson of the meeting within 15 minutes after the time appointed for 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.
23. A director shall, notwithstanding that he/she is not a member, be entitled to attend and speak at any general meeting.
24. 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 thirty days, no notice need be given of an adjourned meeting.
25. 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 proxy for a member or as the representative of a member which is an incorporated body).
26. 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.
27. A resolution in writing signed by or on behalf of all the members of the company who, as at the date of the resolution, would have been entitled to attend and vote at a general meeting at which the resolution was proposed shall be as effectual as if it had been passed at a general meeting duly convened and held, the signatures need not be on a single document, provided each signature is on a document which accurately states the terms of the resolution.

Votes of members

28. Every 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 present at the meeting) or (whether on a show of hands or on a secret ballot) by proxy.
29. A member who/which wishes to appoint a proxy to vote on his/her/its behalf at any meeting (or adjourned meeting) shall lodge with the company, at the company's registered office, not less than 48 hours before the time for holding the meeting (or, as the case may be, adjourned meeting), 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, a member shall not be entitled to appoint more than one proxy to attend on the same occasion.
30. An instrument of proxy which does not conform with the provisions of article 29 or which is not lodged in accordance with such provisions shall be invalid.
31. 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.
32. 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.
33. The chairperson of a meeting shall not be entitled to a casting vote if an equality of votes arises in relation to any resolution.
34. A vote given, or ballot demanded, by proxy or by the duly authorised representative of a member which is an incorporated body shall be valid notwithstanding that the authority of the person voting or demanding a ballot had terminated prior to the giving of such vote or demanding of such ballot unless notice of such termination was received by the company at the company's registered office before the commencement of the meeting or adjourned meeting at which the vote was given or the ballot demanded.

Categories of director

35. For the purposes of these articles:

"Appointed Director" means a director appointed or re appointed under articles 37 to 40.

"Co-opted Director" means a director appointed or re appointed under articles 41 to 44.

"Chief Executive" means the director appointed under articles 45 and 46.

Number of directors

36. The maximum number of directors (excluding for this purpose alternate directors) shall be 14, of whom a maximum of 2 directors shall be Appointed Directors, a maximum of 8 directors shall be Co-opted Directors and one of whom shall be the Chief Executive.

Appointment, removal, retirement, etc.: Appointed Directors

37. Subject to article 39, each of the members admitted under paragraphs (a) and (b) of article 4 may by notice in writing, signed on its behalf by an appropriate officer, and given to the company:

(i) appoint any person (other than an employee of the company) who is willing so to act to be a director (an "Appointed Director"); or

(ii) remove any Appointed Director appointed by that member from office as a director.

38. Any appointment or removal of a director under article 37 shall have effect from the date on which the relevant notice is given to the company.

39. The powers conferred by article 37 shall be deemed to be limited such that the number of individuals appointed by each of the members who may hold office as a director at any given time shall not exceed the number set out opposite the name of that member as follows:

Scottish Enterprise 1 director

Highlands & Islands Enterprise 1 director

40. Each of the Appointed Directors shall vacate office with effect from the conclusion of each annual general meeting, but shall then be eligible for re appointment under article 37, if the notice re appointing him/her as a director is received by the company prior to the conclusion of the annual general meeting, he/she shall continue in office as a director without interruption.

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

41. Subject to article 36, the directors may, with the prior written consent of the members admitted under paragraphs (a) and (b) of article 4, 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.

42. The directors shall exercise their powers under article 41 in such a way as to ensure, so far as reasonably practicable, that at any given time, two thirds of the Co-opted Directors have appropriate commercial experience and that the remaining one third of the Co-opted Directors have appropriate research and/or academic experience.

43. At the conclusion of each annual general meeting, all of the Co-opted Directors shall vacate office.

44. Immediately following each annual general meeting, the Directors may, with the prior written consent of the members admitted under paragraphs (a) and (b) of article 4, re appoint any Co-opted Director who vacated office under the preceding article at the conclusion of the general meeting, the directors may alternatively appoint someone in his/her place in accordance with article 41, or resolve not to fill the vacancy.

Appointment/vacating of office: Chief Executives

45. The directors may, at the first meeting of the directors which is held after the appointment of any individual as Group Chief Executive ITI Scotland, appoint any such individual as a director

("the Chief Executive ") of the company.

46. The Chief Executive 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 referred to in article 45.

Directors

47. The directors may at any time appoint any senior management employee with the title of Director providing he/she is willing so to act, such senior management employee with the title of Director not being a director within the meaning of Section 741(1) of the Act and not being a director for the purpose of these articles.
48. The directors may from time to time define and limit the powers, authorities and discretions of any senior management employee appointed with the title of Director provided always that he or she shall not:
- (i) attend meetings of the directors except at the invitation of the directors;
 - (ii) be entitled to vote at any meeting of the directors;
 - (iii) hold himself or herself out as a director of the company.

Disqualification and removal of directors

49. A director shall vacate office if:
- (i) he/she ceases to be a director by virtue of any provision of the Act or becomes prohibited by law from being a director;
 - (ii) he/she is sequestered;
 - (iii) 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;
 - (iv) (except in the case of the Chief Executive) he/she becomes an employee of the company;
 - (v) in the case of the Chief Executive, he/she ceases to hold the post of Chief Executive referred to in article 45;
 - (vi) in the case of an Appointed Director, the body which appointed him/her ceases to be a member of the company
 - (vii) he/she resigns office by notice to the company;
 - (viii) he/she (being a Co-opted Director and excluding the Appointed Directors and the Chief Executive) 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; or
 - (ix) he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 303 of the Act.

Appointments to offices

50. Directors shall be appointed by Scottish Enterprise in writing to hold the offices of Chair and Vice Chair.
51. The appointments under article 50 shall be ratified at meetings of directors.
52. The appointment of any director to an office under article 50 shall terminate if he/she ceases to be a director or if he/she resigns from that office by notice to the company.
53. If the appointment of a director to any office under article 50 terminates, Scottish Enterprise shall appoint another director to hold the office in his/her place.

Directors' interests

54. Subject to the provisions of the Act 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), a director (notwithstanding his/her office):
- (i) may be a party to, or have some other personal interest in, any transaction or arrangement with the company or any associated company;
 - (ii) 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;
 - (iii) may be a director or secretary of, or employed by, or have some other personal interest in, any associated company; and
 - (iv) 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.
55. 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.

Directors' remuneration and expenses

56. Except as permitted under paragraph (d) of clause 4 of the memorandum of association, neither the Appointed Directors nor the Chief Executive shall be entitled to any payment in return for services, whether in respect of his/her office as director or as holder of any office under article 50 Subject to the provisions of the memorandum of association, these Articles, the Act and to any directions given by special resolution of the Company, any appointment as Co-opted Director or as holder of any office under article 50 may be made on such terms, at such remuneration and on such other conditions as the directors think fit.
57. The Chief Executive shall, notwithstanding that he/she is a director of the company, be entitled to retain all remuneration, and pension and/or other benefits, paid or provided to him/her in his/her capacity as an employee of the company.
58. 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

59. Subject to the provisions of the Act, 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.
60. 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.
61. The powers conferred by article 59 shall not be limited by any special power conferred on the directors by these articles.
62. A meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

Proceedings of directors

63. Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit.
64. Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.

65. Questions arising at any meeting of directors shall be decided by a majority of votes, the chairperson of a meeting of directors shall not be entitled to a casting vote.
66. A director who is also an alternate director shall be entitled in the absence of his/her appointer to a separate vote on behalf of his/her appointer in addition to his/her own vote.
67. The quorum for the transaction of the business of the directors shall be any two directors.
68. During the period of twelve weeks following the incorporation of the company, the quorum for the transaction of the business of the directors shall be two.
69. A person (other than a director) acting as alternate director, shall, if his/her appointer is not present, be counted in the quorum.
70. If the quorum required under articles 67 to 70 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.
71. 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.
72. Unless he/she is unwilling to do so, the Chair shall preside as chairperson at every meeting of directors at which he/she is present, if the Chair is unwilling to act as chairperson of a meeting of directors or is not present within 15 minutes after the time appointed for the meeting, the Vice Chair shall preside as chairperson.
73. If neither the Chair nor the Vice Chair is present and willing to act as chairperson at a meeting of directors within 15 minutes after the time appointed for the meeting, the directors present shall appoint one of their number to be chairperson of the meeting.
74. 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.
75. 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.
76. A resolution signed by an alternate director need not also be signed by his/her appointer, a resolution signed by a director who has appointed an alternate director need not be signed by the alternate director in that capacity.
77. 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.
78. For the purposes of the preceding article:
 - (i) an interest of a person who is taken to be connected with a director for any purpose of the Act (excluding any statutory modification not in force at the date of incorporation of the company), shall be treated as a personal interest of the director;
 - (ii) an interest of the appointer of an alternate director shall be treated as a personal interest of the alternate director; and
 - (iii) a director shall be deemed to have a personal interest in relation to a particular matter if a body in relation to which he/she is an employee, director, member of the management committee, officer or elected representative has a personal interest in that matter.
79. 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.

80. The company may by ordinary resolution suspend or relax to any extent, either generally or in relation to any particular matter, the provisions of articles 77 to 79.
81. If a question arises at a meeting of directors or at a meeting of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairperson of the meeting, his/her ruling in relation to any director other than himself/herself shall be final and conclusive.

Alternate directors

82. Subject to article 83, any director may appoint any other director, or any other person willing to act, to be an alternate director and may remove from office an alternate director so appointed by him/her.
83. A Co-opted Director or the Chief Executive shall not be entitled to appoint an alternate director.
84. Any appointment or removal of an alternate director may be effected by notice to the company signed by the director making or revoking the appointment or may be effected in any other manner approved by the directors.
85. A notice appointing an alternate director may specify that the appointment is to relate only to the particular meetings at which the director will not be present, in the absence of a statement to that effect, the appointment will be deemed to relate to carrying out all the functions of the director until such time as the appointment is revoked.
86. An alternate director shall, subject to the terms of the notice of appointment, be entitled to be given notice of all meetings of directors and of all meetings of committees of directors of which his/her appointer is a member, to attend and vote at any such meeting at which the director who appointed him/her is not personally present and generally to perform all the functions of his/her appointer as a director in his/her absence.
87. An alternate director shall not be entitled to receive any payment from the company or any director for his/her services as an alternate director.
88. An alternate director shall, subject to the following article, cease to be an alternate director if his/her appointer ceases to be a director.
89. If a director vacates office at the conclusion of an annual general meeting but is then re-appointed immediately following the annual general meeting, any appointment of an alternate director made by him/her which was in force immediately prior to vacating of office shall continue after his/her re appointment.
90. An alternate director shall alone be responsible for his/her own acts and defaults, an alternate director shall not be deemed to be the agent of the director appointing him/her.
91. References in these articles to directors shall, unless the context otherwise requires, be construed as including alternate directors.

Delegation to committees of directors and holders of offices

92. 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.
93. 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.
94. 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.

Secretary

95. Subject to the provisions of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit, and any secretary

so appointed may be removed by them.

Minutes

96. 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

97. No member shall (as such) 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

98. Any notice to be given in pursuance of these articles shall be in writing.
99. The company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his/her/its registered address or by leaving it at that address.
100. A member may give any notice to the company either by sending it by post in a prepaid envelope addressed to the company at its registered office or by leaving it, addressed to the company secretary, at the company's registered office.
101. Any notice, if sent by post, shall be deemed to have been given at the expiry of twenty four 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.
102. 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

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

Indemnity

104. Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the company shall be indemnified 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, 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.
105. For the avoidance of doubt, the company shall be entitled to purchase and maintain insurance against any loss or liability which any director or other officer of the company may sustain or incur in connection with the execution of the duties of his/her office.

Interpretation

106. In these articles, "the Act" means the Companies Act 1985, any reference in these articles to a provision of the Act shall be taken to include any statutory modification or re-enactment of that provision which is in force at the time.
107. References in these articles to the singular shall be deemed to include the plural.