

Shadow Board – Shetland Merger Project

Committee	Shadow Board
Subject	Company formation
Action requested	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input checked="" type="checkbox"/> For recommendation
Brief summary of the paper	Final adoption of the Memorandum & Articles of Association is required to prepare for vesting
Resource implications [if yes, please provide detail]	Yes A delay to vesting has cost implications in terms of ongoing deficit in each organisation
Risk implications [if yes, please provide detail]	Yes Failure to establish the company will delay TUPE, banking preparations, transfer of assets.
Date paper prepared	17-Sep-19
Date of committee meeting	25-Sep-19
Author	Project Manager
Equality and diversity	No
Status	Non-confidential
Freedom of Information Can this paper be included in 'open' business?*	Yes

Recommendation:

- 1) That the MAA are formally adopted by Special Resolution attached, and registered with Companies House and OSCR immediately on ratification by SIC College Board and SFCTC Trustees
- 2) That the Shadow Board non-executive Directors immediately become directors of the company.

Notes:

- 3) Further recruitment to the Board may take place (e.g. to appoint a Chairperson or members of Audit, Remuneration committees - no financial implications) at a timescale that meets the vesting date.
- 4) Staff and student directors of the company will be elected as guided by the Memorandum and Articles of Association. This election will take place before the Shadow Board ceases to operate, in order to maintain staff and student involvement.
- 5) The Board of Shetland Institute UHI will attend Shadow Board meetings with appointed representatives of Shetland Islands Council and NAFC Marine Centre until such time as the proposed merger is agreed.
- 6) Shadow Board members who do not wish to join the Shetland Institute UHI Board may continue to be Shadow Board members until it dissolves.
- 7) That, should a decision to merge not be ratified, that the company is dissolved. No risk is incurred, since no income or expenditure will be processed by the new Institute until after vesting.

7. Background	
1.1	<ul style="list-style-type: none"> • The Shadow Board has prepared a Memorandum of Articles of Association (MAA) which has been finalised in preparation for establishing a new company with charitable status. • A written special resolution template is enclosed. It is recommended this is completed at the Shadow Board meeting.
1.2	<ul style="list-style-type: none"> • Shetland Islands Council legal services have reviewed the document (Appendix 1) • Corporate Services UHI have reviewed the document (Appendix 2) • The final version (V6) with amendments is Appendix 3.
1.3	<ul style="list-style-type: none"> • Anderson Strathern due diligence report to Shetland Islands Council and SFTCT noted that “the new phoenix college should be set up and application would be made to OSCR at least three months in advance of the intended vesting date of the new college” to ensure charitable status is in place. • NAFC Marine Centre cannot transfer undertakings into a body that has not achieved charitable status. • UHI cannot progress the work of assigning the Shetland Institute to the Regional Strategic Body until the company is established, allowing the policies and procedures required for assignation to be formally adopted.
8. Report authors	
2.1	Project Manager

The Companies Act 2006

Written resolution of Shetland Institute of Education, Research and Training UHI

PRIVATE COMPANY LIMITED BY GUARANTEE

('the Company')

We, the undersigned, being members of the Company eligible to attend and vote at general meetings of the Company, hereby pass the following resolution designated as a special resolution at a meeting for this purpose on 25th October 2019

Note the resolution can also be passed by members confirming their agreement in writing.

IT IS RESOLVED:

1. That the attached Articles of Association signed by the Company Secretary and dated 25/09/2019 for identification purposes be adopted as the Articles of Association of the Company.

Member	Special Resolution 1	Date of signature

Notes:

1. This written resolution has been proposed by the members of the company. The purpose of this resolution is to adopt new Articles of Association for the Shetland Institute UHI.
2. The circulation date of this written resolution is 18/9/19.
3. Please signify your agreement to this resolution, if you do agree to it, by signing against your name where indicated, please also enter the date on which you signed the document. Please then return the document to the Company Secretary.
4. If you sign the document and return it to the Company without indicating whether you agree to the resolution being passed, it will be assumed by the Company that you do agree to the resolution being passed.
5. If you return the document signed, but un-dated, it will be assumed by the Company that you signed the document on the day immediately preceding the day on which it was received by the Company.
6. If not passed by the requisite majority of the total voting rights of eligible members, this written resolution shall lapse on the 3rd October 2019.
7. As the resolution is a special resolution, the requisite majority needed to pass the resolution is three fourths of the total voting rights of eligible members. [Currently 6 of 7 eligible members, to achieve the quorum]

8. Once this resolution has been signed and returned to the Company, your agreement to it may not be revoked.

Appendix 1

Shetland Islands Council Legal Services have examined the draft articles of association v.5 for the proposed new college.

The Council requires Article 5.11 to be amended as per correction noted below. The other corrections and comments noted below are for the purpose of drawing attention to apparent typos and other matters. I'm sure they'll be picked up by the legal agents acting for the new college but hope you find them helpful meantime.

For the avoidance of any doubt Legal Services have examined the document for the purpose of satisfying the Council's requirements and in no way should the content of this email be construed as providing legal advice or giving legal assistance to the new college, the Shadow Board or any other organisation or individual

Paul Wishart, Shetland islands Council

5. The word "Company" in the first line should read "company".	Corrected
5.11. Delete "Shetland Islands Council, other".	Corrected
35. b). Delete the second "b)".	Corrected
53. "maybe" should read "may be".	Corrected
55.2. "and" should read "as".	Corrected
58. "article 60" should read "article 61"; "article 61" should read "article 62"; "article 62" should read "article 63" and "article 63" should read "article 64".	Corrected
61.1., 62.1 and 63.1 "article 86" should in each case read "article 87"	Corrected
64.1 "Board" should read "company"	Corrected
64.2 "Institute" should read "company"	Corrected
64.3 "Institute Board" should read "company"	Corrected
75.5 Check reference to article 128	Corrected
81.3 "if" should read "of"	Corrected

86 "article 42" should read "11.2"?	Corrected
104.3 delete "Representative"	Corrected
48. What is meant by "working days"? Could there be a difficulty created particularly during vacation?	Changed to "no account shall be taken of weekends or public holidays"
52. Could this result in deadlock?	Changed to "the chairperson of a general meeting shall be entitled to a vesting vote if an equality of votes arises in relation to any resolution"
57. There does not appear to be a definition of "circulation date".	Changed to "the circulation date (the date the resolution was first distributed to directors).

Appendix 2

Thank you for sending me the draft memorandum and articles. My comments are purely from an operational view point as I'm not a lawyer so please check these from a legal standpoint

Fiona Larg, Chief Operating Officer and Company Secretary, UHI

I think the Further and Higher Education Scotland Acts 1992 and 2005 should be mentioned as your activities in further and higher education must be in accordance with these acts.	5.1 now makes reference specifically to the Acts, which are also listed in 2.9
As well becoming an Academic Partner, the institute will need to apply to SFC and become an assigned college to UHI as the RSB or it will be unable to deliver further education. Assigned College to the RSB therefore needs to be mentioned.	Referenced in 5.10
From next year, Incorporated colleges will require to have trade union representation on their boards.	As this is an unincorporated model, added to Powers for union recognition and consultation with trades union consultation: 7.3
Provision should be made for participation at general meetings and board meetings by telephone conference, vide conference and other electronic means as this is how we often work	Referenced in 38.
The objects and powers seem to omit the following: employ and train staff, provide, equip and maintain buildings for teaching and research, residential accommodation,	Added as follows: employ and train staff – 7.2 provide, equip and maintain buildings for teaching and research, residential

libraries, canteens, sports and other facilities appropriate to the needs of the staff and students, provide for the recreational, social and spiritual needs of your students and participate and contribute to the funding of the Highlands and Islands Student association, provide programmes of education or technical study for students at all levels.	accommodation, libraries, canteens, sports and other facilities appropriate to the needs of the staff and students - provide for the recreational, social and spiritual needs of your students and participate and contribute to the funding of the Highlands and Islands Student association, provide programmes of education or technical study for students at all levels
Specifically, I'm not sure of the use of the word "partner" in 5.11 – do you mean collaborate? If partner is used it should be clear that it does not mean partnership under the provisions of the Partnership Act 1890. Other academic partners of UHI should also be specifically mentioned in this paragraph.	Changed to "collaborate"
5.3 – I think you should carry out as well as promote research	Corrected 5.3
7.1 – not sure what the word "other" refers to? and Operating Area should have capital letters as it's a defined term	Corrected 7.1
7.2 (see above) I think it goes further than "administer" – I think this should be "provide"	Corrected 7.4
7.4 – you may also want to assist unpaid e.g. work experience, placements etc Number of directors should also include a minimum number as the majority of directors at any time should be independents	Changed to "including paid or unpaid work experience, placements and other projects linking students to employers and industry" 7.9 39. There is a fixed quorum of 6 59. The maximum number of directors is 16 and the minimum is 12 (ensures minimum majority of 8)
Student directors are normally elected for one year (but can be re-elected) as their duration at college is limited	63.2 Student director ceases to be a member at the next AGM following appointment, and may be re-elected annually for up to 3 years.
63.9 – This would preclude your Chair serving on the university court which has two academic partner chairs on it at any one time. (David Sandison currently serves on Court.)	64.9 Cannot be an independent governor of UHI whilst being an independent member of the company but an independent member can be nominated to serve in the UHI court as academic partner chair.
Remuneration committee is required as well as nominations committee and audit committee	109. Now amended
Para 115 – I think "moved" should be "removed"	Corrected

<p>I may have missed it but specific duties of the board should be mentioned including appointment of external auditors and fixing their remuneration, appointment of principal.</p>	<p>Specific duties: 124. The directors shall appoint an independent auditor for the company and set appropriate remuneration for the auditor's services. 125. The directors are responsible for ensuring a Principal is appointed to lead the institute by undertaking recruitment leading to appointment, setting remuneration, conducting performance appraisal and planning for succession.</p>
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Appendix 3

Final Memorandum & Articles of Association

The Companies Act 2006

Company Limited by Guarantee and not having Share Capital

**Articles of Association of
Shetland Institute
of education, research and training UHI**

(as adopted by special resolution passed on <date>)

Shetland Institute of Education, Research and Training UHI

Contents

General	Constitution of the company, defined terms, objects, powers, restrictions on use of assets, limit on liability, general structure.	
Membership	General, qualifications, admission, subscription, register, cessation	
General Meetings	General, notice of meetings, resolutions, quorum, voting, written resolutions	
Composition of the Board	Number, appointment, vacating office	
Directors: offices etc	Offices, personal interests, conduct, remuneration, powers	
Meeting of Directors	Calling of meetings, voting, quorum, committees of directors	
General	Nominations Committee, Audit Committee, secretary, minutes etc	

Shetland Institute of Education, Research and Training UHI

Constitution

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

Interpretation

7. In these articles of association:
 - 7.1 “the Companies Act” means the Companies Act 2006 (including any statutory modification or re-enactment of the Companies Act 2006 in force at the relevant time);
 - 7.2 “property” means any property, heritable or moveable, real or personal, wherever situated (and including, for the avoidance of doubt, any form of intellectual property);
 - 7.3 “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 96 of the Charities Act 1993;
 - 7.4 “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 sections 505 and 506 of the Income and Corporation Taxes Act 1988;
 - 7.5 “Court” means the Board of Governors of UHI;
 - 7.6 “the Institute” means the Shetland Institute of Education, Research and Training UHI, known as “Shetland Institute UHI” administered by the company;
 - 7.7 “UHI” means the University of the Highlands and Islands;
 - 7.8 “Academic Partner” means an institution admitted into academic partnership by ordinary resolution of the Court, but “partner” is not to be construed as creating any form of partnership under the provisions of the Partnership Act 1890 or any other enactment;
 - 7.9 “Regional Strategic Body” means a body designated in section 7B and Schedule 2A of the Further and Higher Education (Scotland) Act 2005 (as inserted by section 8 of the Post-16 Education (Scotland) Act 2013) and for the purposes of these articles of association shall be UHI.
8. Subject to Article 2, any words or expressions defined in the Companies Act shall have the same meaning in these articles of association but excluding any statutory modification not in force at the date of adoption of these articles of association.
9. References in these articles to the singular shall be deemed to include the plural.

Shetland Institute of Education, Research and Training UHI

Objects	<p>10. The Company's objects are:</p> <p>10.1 To advance education, and primarily further and higher education (in keeping with the Further & Higher Education Scotland Acts 1992 and 2005) of people within the Shetland Islands ("the Operating Area") and elsewhere, and the provision of training in skills of all kinds (particularly such skills as will assist the participants in obtaining paid employment) and all industries, including all aspects of the Shetland Fishing Industry, marine and coastal industries;</p> <p>10.2 The advancement of education by fostering links with Scotland, the UK and international learners, researchers and education providers to further the objects of the Shetland Institute UHI to increase individual and collective knowledge and understanding, skills and expertise;</p> <p>10.3 To carry out and promote research relevant to local industry, community development, the protection and sustainability of marine and coastal environments, arts, heritage and culture; and to make evidence available to educate, provide training and promote best practice;</p> <p>10.4 To promote, protect, conserve, rehabilitate and improve the marine and coastal environment, including all animal and plant life, in the Shetland Islands and elsewhere;</p> <p>10.5 To prevent and relieve poverty, and in particular, among residents of the Operating Area and other areas of Scotland, the UK and internationally, by facilitating accessible learning opportunities and imparting skills, and life skills, which enable learners to secure employment and contribute to their community;</p> <p>10.6 To relieve unemployment for the public benefit in such ways as may be thought fit, including assistance to find employment;</p> <p>10.7 To advance citizenship and community development (including through the promotion of trade and commerce), wellbeing, inclusion, citizenship and community development;</p> <p>10.8 To advance the arts, heritage and culture; of all aspects of island and sea-going life, and</p> <p>10.9 To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes;</p> <p>10.10 To act as an Academic Partner with UHI as Regional Strategic Body;</p> <p>10.11 To collaborate with public bodies and other academic partners of UHI, to advance and support services, strategies, plans and projects to meet the needs of the Shetland Islands population and environment.</p> <p>11. The company's objects are restricted to those set out in article 5.</p>
Powers	<p>12. In pursuance of the company's objects (but not otherwise) the company shall have the following powers:</p> <p>12.1 To establish and operate learning centres in the Operating Area and elsewhere.</p> <p>12.2 To employ and train staff.</p>

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	<p>12.3 To recognise employee Trades Unions and consult with representatives of their Trades Unions.</p> <p>12.4 To provide, equip and maintain buildings for teaching and research, residential accommodation, libraries, canteens and other facilities appropriate to the needs of staff and students.</p> <p>12.5 To establish, provide and administer educational and technical programmes within the Operating Area and elsewhere for students at all levels.</p> <p>12.6 To promote links between the community, potential employees and employers.</p> <p>12.7 To provide for the recreational, social and spiritual needs of the students.</p> <p>12.8 To participate in and contribute to the funding of the Highlands and Islands Students Association.</p> <p>12.9 To assist individuals in finding paid employment and to liaise with potential employers with a view to developing vocational and other training schemes which are aligned with the requirements of businesses, including paid or unpaid work experience, placements and other projects linking students to employers and industry.</p> <p>12.10 To promote, support (whether financially or otherwise) and/or conduct educational and training courses, programmes. Conferences, seminars, workshops and events.</p> <p>12.11 To design, prepare, publish and/or distribute printed, digital and media content of any kind for sharing information.</p> <p>12.12 To carry on any other activity which may appropriately be carried on in connection with any of the objects of the company.</p> <p>12.13 To provide and/or assist in the provision of information, advisory, support and/or consultancy services which advance any of the aims of the company.</p> <p>12.14 To liaise with international, UK, Scottish and local government authorities and agencies, further or higher education establishments, economic development agencies, voluntary sector bodies and others, all with a view to maximising the effectiveness if the company in pursuing its objectives.</p> <p>12.15 To enter into any arrangement with any organisation, government or authority which may be advantageous for the purposes of activities of the company and to obtain from any such organisation, government or authority any right, privilege or concession.</p> <p>12.16 To enter into any arrangement for co-operation or mutual assistance with any charity, whether incorporated or unincorporated.</p> <p>12.17 To accept subscriptions, grants, donations, gifts, legacies and endowments of all kinds, either absolutely or conditionally or in trust, for any of the objects of the company.</p> <p>12.18 To take such steps (by way of personal or written appeals, public meetings or otherwise) as may be deemed expedient for the purpose of procuring contributions to the funds of the company, whether by way of subscriptions, grant, loans, donations or otherwise.</p> <p>12.19 To carry out any of these objects in any part of the world as principal, agent, contractor, sub-contractor, trustee or any person acting in any other capacity and either alone or in conjunction with others.</p>
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	<p>12.20 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, stocks, debentures and other interests in such companies and carry out in relation to any such company which is a subsidiary of the company, all such functions as may be associated with a holding company.</p> <p>12.21 To acquire and take over the whole or any part of the undertaking and liabilities of any person entitled to any property or rights suitable for the objects of the company.</p> <p>12.22 To purchase, lease, hire, take in exchange, and otherwise acquire any property and rights which may be advantageous for the purposes of the activities of the company.</p> <p>12.23 To improve, manage, enhance, develop, turn to account and otherwise deal with all or any part of the undertaking, property and rights of the company.</p> <p>12.24 To sell, let, hire, license, give in exchange and otherwise dispose of all or any part of the undertaking, property and rights of the company.</p> <p>12.25 To lend money and give credit to any person, with or without security, and to grant guarantees and contracts of indemnity on behalf of any person;</p> <p>12.26 To borrow money and give security for the payment of money by, or the performance of other obligations of, the company or any other person.</p> <p>12.27 To draw, make, accept, endorse, discount, negotiate, execute and issue cheques and other negotiable financial instruments.</p> <p>12.28 To invest in funds not immediately required for the purposes of the company's activities in such investments and securities (including land in any part of the world) and that in such a manner as may from time to time be considered advantageous (subject to compliance with any applicable legal requirement) and to dispose of and vary such investments and securities.</p> <p>12.29 To establish and support any association or other unincorporated body having objects altogether or in part similar to those of the company and to promote any company or other incorporated body formed for the purpose of carrying on any activity which the company is authorised to carry on.</p> <p>12.30 To subscribe and make contributions to or otherwise support charities, whether incorporated or unincorporated, and to make donations for any charitable purpose connected with the activities of the company or with the furtherance of its objects.</p> <p>12.31 To remunerate any individual in the employment of the company and to establish, maintain and contribute to any pension or superannuation fund for the benefit of, and to give or procure the giving of any donation, pension, allowance or remuneration to and to make any payment for and towards the insurance of, any individual who is, or was, at any time in the employment of the company and the spouse, widow/er, relatives and dependants of any such individual; to establish, subsidise and subscribe to any institution, association, club and fund which may benefit any such person.</p> <p>12.32 To oppose or object to any application or proceedings which may prejudice the company's interests.</p>
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Shetland Institute of Education, Research and Training UHI

	<p>12.33 To effect insurance against risks of all kinds.</p> <p>12.34 To do anything which may be incidental or conducive to the attainment of any of the objects of the company.</p>
Application of income and property	<p>13. The income and property of the company shall be applied solely towards the promotion of its objects.</p> <p>14. No part of the income or the property of the company shall be paid or transferred (directly or indirectly) to the members of the company by way of dividend, bonus or otherwise.</p> <p>15. No director of the company (other than Executive Directors and Staff Representative Directors) shall be appointed as a paid employee of the company; no director (other than Executive Director and Staff Representative Directors) shall hold any office under the company for which a salary or fee is payable.</p> <p>16. No benefit (whether in money or in kind) shall be given by the company to any director except:</p> <p>16.1 Repayment of out of pocket expenses</p> <p>16.2 In the case of the Chair, an annual amount (to be decided upon from time to time by the Board) to cover various incidental costs that cannot be covered in the clause above, or</p> <p>16.3 Reasonable payment in return for particular services (not being of a management nature) actually rendered to the company, or</p> <p>16.4 In the case of Executive Directors and Staff Representative Directors only, reasonable remuneration, and reasonable pension and/or other benefits, paid or provided to her/him in her/his capacity as an employee of the company.</p>
Limit on members' liability	<p>17. The liability of members is limited.</p> <p>18. Each member undertakes that if the company is wound up while she/he is a member (or within one year after she/he ceases to be a member), she/he will contribute – up to a maximum of £1 – to the assets of the company, to be applied towards:</p> <p>18.1 Payment of the company's debts and liabilities contracted before she/he ceases to be a member;</p> <p>18.2 Payment of the costs, charges and expenses of winding up; and</p> <p>18.3 Adjustment of the rights of contributories among themselves.</p>
Structure of the Company	<p>19. The structure of the company consists of:</p> <p>19.1 The MEMBERS – who have the right to attend the annual general meeting (and any extraordinary general meeting) and have important powers under the articles of association and the Companies Act; in particular, the members take decisions in relation to changes to the articles themselves</p> <p>19.2 The DIRECTORS – who hold regular meetings during the period between annual general meetings, and generally control and supervise the activities of the company; in particular, the directors are responsible for monitoring the financial position of the company.</p> <p>Members</p> <p>20. The members of the company shall consist of such individuals as are admitted to membership from time to time under articles 17-20:</p> <p>21. A member may not transfer her/his membership to any other individual or body.</p> <p>Qualifications for membership:</p> <p>22. Membership is open to:</p>

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	<p>22.1 The individual holding the post of Principal of the Institute;</p> <p>22.2 The staff representatives as elected</p> <p>22.3 The student representative, as elected</p> <p>22.4 The directors appointed</p> <p>23. No employee of the company (other than the Executive Director and the Staff Representative Directors) may become a member; a person (other than the Executive Director and the Staff Representative Directors) ceases to be a member if she/he becomes an employee of the company.</p> <p>Application for membership:</p> <p>24. Any individual eligible for membership who wishes to become a member shall lodge with the company a written application for membership (in such form as the directors require), signed by him/her.</p> <p>25. An individual eligible for membership shall automatically become a member of the company immediately on receipt by the company of a signed application for membership.</p> <p>Membership subscription</p> <p>26. For the avoidance of doubt no member shall require to pay a membership subscription, either at the time of admission as a member or on any annual or other periodic basis.</p> <p>Register of members</p> <p>27. The directors shall maintain a register of members, setting out the full name and address of each member, the date on which she/he was admitted to membership, and the date on which any individual ceased to be a member.</p> <p>Cessation of membership</p> <p>28. Membership shall cease on death</p> <p>29. An individual admitted to membership shall automatically cease to be a member of she/he (for whatever reason) ceases to be a director of the company</p> <p>30. Any individual who wishes to withdraw from membership shall lodge with the company a written notice of retiral (in such form as the directors require), signed by her/him; on receipt of the notice by the company, she/he will cease to become a member.</p>
<p>General meetings</p>	<p>31. The directors shall convene an annual general meeting in each year.</p> <p>32. Not more than 15 months shall elapse between one annual general meeting and the next.</p> <p>33. The directors must convene a general meeting if there is a valid requisition by members (under section 303 of the Companies Act) or a requisition by a resigning auditor (under section 518 of the Companies Act).</p> <p>34. Subject to the provisions of article 28, the directors may call general meetings at any time.</p> <p>Notice of general meetings</p> <p>35. At least 14 days' clear notice of a general meeting must be given to all the members and directors and (if auditors are in office at the time) to the auditors.</p> <p>36. The reference to "clear days" means that the period of notice does not include the day after the notice is posted nor the day of the meeting.</p> <p>37. A notice calling a meeting shall specify the time, date and place of the meeting, and:</p>

Shetland Institute of Education, Research and Training UHI

	<p>37.1 Indicate the general nature of any business to be dealt with at the meeting;</p> <p>37.2 If a special resolution (or a resolution requiring special notice under the Companies Act) is to be proposed, shall also state that fact, giving the exact terms of the resolution; and</p> <p>37.3 Contain a statement informing members of their right to appoint a proxy.</p> <p>38. Notice of annual general meetings shall specify the meeting is to be an annual general meeting.</p> <p>39. Notice of every general meeting shall be given in electronic form, except where members specifically request hard copy form.</p>
<p>Special Resolutions and Ordinary Resolutions</p>	<p>Special Resolutions</p> <p>40. A “special resolution means a resolution of the members, which is either:</p> <p>a) passed by 75% or more of the votes cast in favour of the resolution at a general meeting (with no account taken of abstentions or members absent from the meeting who have not appointed a proxy), providing proper notice of the meeting and if the intention to propose the resolution has been given in accordance with correct procedure or</p> <p>b) passed by members representing not less than 75% of the total voting rights of eligible members, where passed by way of written resolution.</p> <p>41. The provisions of the Companies Act allows the company, by special resolution, to:</p> <ul style="list-style-type: none"> • Alter its name • Alter any provision of these articles or adopt new articles of association. <p>Ordinary resolutions</p> <p>42. An ordinary resolution is either:</p> <p>a) Passed by majority vote in favour of the resolution, providing proper notice of the meeting and if the intention to propose the resolution has been given in accordance with correct procedure or</p> <p>c) Passed by members representing a simple majority of the total voting rights of eligible members, where passed by way of written resolution.</p>
<p>Proceedings at general meetings</p>	<p>43. Directors (and advisors or other attendees) may attend meetings by telephone conference, video conference and other electronic means.</p> <p>44. No business shall be transacted at any general meeting unless a quorum is present; the quorum shall be six members, present in person or represented by proxy.</p> <p>45. If the quorum required is not present within half an hour of the appointed time for the meeting, 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; if, at the adjourned meeting, a quorum is not present within half an hour of the appointed time for the meeting, the members present shall form a quorum.</p> <p>46. The Chair of the company shall (if present and willing to act as a chairperson) preside as chairperson of each general meeting; if the Chair is not present and willing to act as chairperson within 15 minutes of the</p>

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	<p>appointed time for the meeting, the Vice Chair shall (if present and willing to act as chairperson) preside as chairperson of the meeting.</p> <p>47. If neither the Chair nor the Vice Chair of the company is present and willing to act as chairperson within 15 minutes of the appointed time for the meeting, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.</p> <p>48. The chairperson may, with the consent of the majority of members present at the meeting (and must, if a majority of members present at the meeting request her/him 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.</p> <p>49. 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 a show of hands is declared, a secret ballot is demanded by the chairperson or by any other person present at the meeting and entitled to vote (whether as a member or proxy member).</p> <p>50. If a secret ballot is demanded in accordance with the clause above, it shall be taken at once and shall be conducted in such a manner as the chairperson may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.</p>
Voting at general meetings	<p>51. Every member shall have one vote (whether by show of hands or secret ballot) which may be given in person or by proxy.</p> <p>52. A member who wishes to appoint a proxy to vote on his/her behalf at any general meeting shall lodge with the company, at the company's registered office or electronic address, a written or electronic instrument of proxy (in such a form as the directors require), signed by him/her.</p> <p>53. The instrument of proxy must be received not less than 48 hours before the time for holding the meeting. In calculating the 48 hour period, no account shall be taken of weekends or public holidays.</p> <p>54. A proxy need not be a member of a company.</p> <p>55. A member shall not be entitled to appoint more than one proxy to attend the same general meeting.</p> <p>56. A proxy appointed to attend and vote at any general meeting instead of a member shall have the same right as the member who appointed her/him to speak at the meeting.</p> <p>57. The chairperson of a general meeting shall be entitled to a casting vote if an equality of votes arises in relation to any resolution.</p> <p>58. No objection may be raised as to the validity of any vote tendered at a general meeting, except at the meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid; any such objection shall be referred to the chairperson of the meeting whose decision shall be final and conclusive.</p>
Written resolutions	<p>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 Companies 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</p>

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	<p>authenticated document which identifies the resolution to which it relates and which indicates the members' agreement to it (which agreement cannot thereafter be revoked).</p> <p>60. For the purposes of the preceding article:</p> <p>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 Companies Act; or (b) if copies are sent or submitted to members on different days, the first of those dates);</p> <p>60.2 The reference to "required majority" is to the majority required to pass an ordinary or special resolution under the Companies Acts as follows:</p> <p>60.2.1 In order to pass an ordinary resolution by way of written resolution, it must be passed (in accordance with Article 80) by members representing a simple majority of the total voting rights of eligible members;</p> <p>60.2.2 In order to pass a special resolution by way of written resolution, it must be passed (in accordance with Article 80) 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.</p> <p>61. A resolution to remove a director (under section 168 of the Companies Act) or a resolution to remove an auditor (under section 510 of the Companies Act) cannot be proposed as a written resolution under article 80.</p> <p>62. For the purposes of article 80 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 (defined as the date the resolution was first distributed), and the agreement of any member to a written resolution will be ineffective if signified after the expiry of that period.</p>
<p>Categories of director</p>	<p>63. For the purposes of these articles:</p> <p>63.1 "Executive Director" means a director appointed in pursuance of article 61</p> <p>63.2 "Staff Director" means a director appointed in pursuance of article 62</p> <p>63.3 "Student Director" means a director appointed in pursuance of article 63</p> <p>63.4 "Independent Director" means a non-executive director appointed in pursuance of article 64</p>
<p>Number of directors</p>	<p>64. The maximum number of directors shall be 16; the minimum number of Directors shall be 12</p> <p>65. Subject to any vacancies which may exist from time to time, the composition of the board of directors shall be as follows:</p> <p>65.1 Executive Director (being the Principal of the Institute) 1</p> <p>65.2 Staff Representative Directors (one teaching and one non-teaching) 2</p> <p>65.3 Student Representative Director 1</p> <p>65.4 Independent Directors up to 12</p>

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Appointment, vacating office	<p>66. Executive Director</p> <p>66.1 The Directors shall (subject to article 87), at the first meeting of the Directors which is held after the appointment of any individual to the post of Principal of the Institute, appoint that individual as an Executive Director of the company; she/he will then be entitled to apply for membership.</p> <p>66.2 An Executive Director shall continue to hold office as a director of the company unless and until she/he ceases (for whatever reason) to hold the post of Principal of the Institute (and will thus also cease to be a member).</p> <p>67. Staff Director</p> <p>67.1 The Directors shall (subject to article 87), at the first meeting of the Directors which is held after the election held by employees of the company of any employee of the company to serve on the Board as an employee representative, appoint that individual as a Staff Representative Director of the company; she/he will then be entitled to apply for membership.</p> <p>67.2 A Staff Director shall continue to hold office as a director of the company until the conclusion of the second annual general meeting which follows the date on which she/he was appointed, and will thus also cease to be a member. A Staff Director shall be eligible for re-appointment; if re-appointed shall hold office until the conclusion of the fourth annual general meeting which follows.</p> <p>67.3 A Staff Director who has held office for a period of four years shall automatically vacate office at the expiry of that four year period and shall not be eligible to hold office again as a Staff Representative Director until a period of one year has elapsed.</p> <p>67.4 The Directors shall, in advance of the annual general meetings referred to (and allowing a reasonable time for completion of the election process) arrange for a ballot of employees of the company to elect the individuals to be appointed or reappointed as the Staff Director; the rules relating to the election process shall be described in the Standing Orders issued by Directors from time to time.</p> <p>67.5 The period on which an individual becomes a Staff Representative Director and the annual general meeting which follows shall be deemed to be a period of one year unless it is of less than six months' duration, in which case it will be disregarded.</p> <p>67.6 If a Staff Director ceases to hold office as a director and becomes a Staff Director once more within a period of less than six months, she/he will be deemed to have held office as Staff Director continuously.</p> <p>67.7 In the event of any vacancy occurring at any time in the office of Staff Director, the Directors shall, as soon as is reasonably practicable, arrange for a ballot of the employees of the company to elect individual(s) to be appointed as the Staff Representative Director(s) to fill the vacancy.</p> <p>68. Student Director</p> <p>68.1 The Directors shall (subject to article 87), at the first meeting of the Directors which is held after the election held by the students of the Institute of any student of the Institute to serve on the Board as a student representative, appoint that individual as a Student</p>
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	<p>Representative Director of the company; she/he will then be entitled to apply for membership.</p> <p>68.2 A Student Director shall continue to hold office as a director of the company until the conclusion of the annual general meeting which follows the date on which she/he was appointed, and will thus also cease to be a member. A Student Director shall be eligible for re-appointment.</p> <p>68.3 A Student Director who has held office for a period of three years shall automatically vacate office at the expiry of that three-year period and shall not be eligible to hold office again as a Student Representative Director until a period of one year has elapsed.</p> <p>68.4 The period on which an individual becomes a Student Director and the annual general meeting which follows shall be deemed to be a period of one year unless it is of less than six months' duration, in which case it will be disregarded.</p> <p>68.5 If a Student Director ceases to hold office as a director and becomes a Student Representative Director once more within a period of less than six months, she/he will be deemed to have held office as Student Director continuously.</p> <p>68.6 The Directors shall, in advance of the annual general meetings referred to (and allowing a reasonable time for completion of the election process) consult with the students' association in place in the Institute at the time to seek the individual to be appointed or reappointed as the Student Director.</p> <p>68.7 In the event of any vacancy occurring at any time in the office of Student Director, the Directors shall, as soon as is reasonably practicable, consult with the students' association in place in the Institute at the time to seek the individual to be appointed to fill the vacancy.</p> <p>69. Independent Directors</p> <p>69.1 The Directors may at any time appoint any individual who they consider has the skills and/or experience which would be of assistance to the company, to be an Independent Director, provided she/he is willing so to act; she/he will then be entitled to apply for membership.</p> <p>69.2 Independent Directors should bring the skills, experience and local knowledge required to be of benefit to the company, drawn from a diverse range of local community interest and industry.</p> <p>69.3 Two Independent Directors shall be appointed with specific experience of the fishing and seafood industries, to be nominated by a recognised relevant industry association. The nominated Director will serve the company under the same terms as all Directors.</p> <p>69.4 At the conclusion of every second annual general meeting, one third of the Independent Directors shall vacate office as directors (and will thus cease to become members).</p> <p>69.5 The Independent Directors to vacate office shall be those who have been longest in office as directors (disregarding (a) any period prior to the adoption of these Articles; (b) any period prior to any occasion on which she/he previously vacated office and (c) any period which preceded a gap of six months or more when she/he was not in office as a director); if two or more Independent Directors have been in</p>
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	<p>office for the same period (calculated on that basis), the question of which of them is to retire shall be determined by random method.</p> <p>69.6 Immediately following each annual general meeting at which an Independent Director vacates office, the directors may re-appoint any person who, as an Independent Director, vacated office under the preceding article at the conclusion of that annual general meeting; the directors may alternatively appoint someone in her/his place or resolve not to fill the vacancy.</p> <p>69.7 An Independent Director who has held office for a period of 4 years shall automatically vacate office at the expiry of that 4-year period. An Independent Director shall be eligible for re-appointment; if reappointed shall hold office for a maximum of 8 years. On the expiry of the maximum period, the Independent Director shall not be eligible to hold office again until a period of 1 year has elapsed.</p> <p>69.8 Provisions above relating to the interpretation of the period of 1 year shall apply to Independent Directors as it does to Staff Directors and Student Directors.</p> <p>69.9 No Independent Director shall serve concurrently as an Independent Governor of the Court of UHI. An Independent Director may be nominated to serve in the Court of UHI as academic partner chair.</p> <p>69.10 The directors shall be guided by the Nominations Committee of the Board in relation to the selection of all other individuals for appointment as Independent Directors.</p>
<p>Disqualification and Removal of Directors</p>	<p>70. A Director shall automatically vacate office if:</p> <p>70.1 She/he ceases to be a director by virtue of any provision of the Companies Act or becomes prohibited by law from being a director or charity trustee (within the meaning of the Charities and Trustee Investment (Scotland) Act 2005);</p> <p>70.2 She/he is sequestrated;</p> <p>70.3 She/he becomes incapable for medical reasons of fulfilling the duties of her/his office and such incapacity is expected to continue for a period of more than six months;</p> <p>70.4 She/he ceases (for whatever reason) to become a member of the company;</p> <p>70.5 In the case of an Independent Director, she/he becomes an employee of the company;</p> <p>70.6 In the case of an Executive Director, she/he ceases to hold the post of Principal of the Institute;</p> <p>70.7 In the case of Staff Representative Director, she/he ceases to be an employee of the company;</p> <p>70.8 In the case of Student Representative Director, she/he ceases to be a student of the Institute;</p> <p>70.9 She/he resigns office by notice to the company;</p> <p>70.10 She/he is absent (without permission of the directors) from more than three consecutive meetings of the directors, and the directors resolve to remove her/him for office;</p> <p>70.11 She/he is removed from office by resolution of the directors on the grounds she/he is considered to have committed a material breach of the code of conduct for directors in force at the time;</p>

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	<p>70.12 She/he is removed from office by resolution of the directors on the grounds she/he is considered to have been in serious or persistent breach of her/his duties under section 66(1) or (2) of the Charities and Trustees Investment (Scotland) Act 2005; or</p> <p>70.13 She/he is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the Companies Act.</p> <p>71. The resolutions above shall only be valid if:</p> <p>71.1 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 removal is to be proposed;</p> <p>71.2 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</p> <p>71.3 At least two thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.</p>
<p>Appointments to office</p>	<p>72. The Directors shall elect from among themselves a Chair, Vice Chair and other such office bearers (if any) they consider appropriate.</p> <p>73. A Director shall not be eligible for appointment as Chair if she/he is an Executive Director, Staff Director or a Student Director.</p> <p>74. The office of Chair shall be held for a period of four years, but on the basis that a director vacating office as Chair may be re-appointed as Chair for a further four-year term.</p> <p>75. A director who has held office as Chair for a period of 8 years shall automatically vacate office at the expiry of that 8-year period, and shall not be eligible to hold office again as Chair until a period of one year has elapsed.</p> <p>76. For the purposes above:</p> <p>76.1 The period between the date on which a director is appointed as Chair and the annual general meeting which follows shall be deemed to be a period of one year unless it is of less than six months in duration (in which case it will be disregarded);</p> <p>76.2 The period between one annual general meeting and another shall be deemed to be a period of one year;</p> <p>76.3 If a director ceases to hold office as Chair and is re-appointed as Chair within a period of less than six months, she/he shall be deemed to have held office continuously.</p> <p>77. Each office, other than the office of Chair, shall be held until the conclusion of the annual general meeting; a director whose period of office expires under this article may be re-appointed to that office (provided she/he is willing to act).</p> <p>78. The appointment of any director to an office shall terminate if she/he ceases to be a director of the company or if she/he resigns from that office by notice to the company.</p> <p>79. If the appointment of a director to any office terminates, the directors shall appoint another director in her/his place.</p>
<p>Directors' interests</p>	<p>80. Subject to the provisions of the Companies Act and of the Charities and Trustee Investment (Scotland) Act 2005 and of these articles of association, and provided that she/he has disclosed to the directors the</p>

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	<p>nature and extent of any personal interest which she/he has (unless immaterial) a director (notwithstanding her/his office):</p> <p>80.1 May be a party to, or have some other personal interest in, any transaction or arrangement with the company or associated company</p> <p>80.2 May be a party to, or have some other personal interest in, any transaction or arrangement in which the company or associated company has an interest;</p> <p>80.3 May be a director, or a secretary of, or employed by, or have some other personal interest in, any associated company;</p> <p>80.4 In the case of an Executive Director or Staff Representative Director only, may be an employee of the company; and</p> <p>80.5 Shall not, because of her/his office, be accountable to the company for any benefit which she/he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such company;</p> <p>And no such transaction or arrangement shall be liable to be treated as void on the ground of any such interest or benefit (see also article 81 in respect of voting when there is an interest).</p> <p>81. For the purposes of the preceding article, an interest of which a director has not knowledge and of which it is unreasonable to expect her/him to have knowledge shall not be treated as an interest of hers/his; 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.</p> <p>82. The directors shall be entitled, for the purposes of section 175 of the Companies 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.</p> <p>83. For the purposes of articles above, a “Conflict Situation” means any situation or matter (other than one which cannot reasonably be regarded as likely to give rise to a conflict of interest) in which any director has or could have a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the company, such that:</p> <p>83.1 The situation and matters that fall within this definition may include (without limitation) (a) a situation where a director of the company becomes an employee, director, member of the management committee, officer or elected representative of a body which is a party to a significant contract with the company (or which is competing with the company in the context of any grant application) and (b) any such situation or matter which relates to the exploitation of any property, information or opportunity (irrespective of whether the company could take advantage of the property, information or opportunity);</p> <p>83.2 “Conflict of interest”, for this purpose, includes a conflict of interest and duty, and a conflict of duties.</p> <p>84. For the avoidance of doubt, these articles shall not apply to a conflict of interest arising in relation to a transaction or arrangement with the</p>
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	<p>company; any conflict of interest of that nature shall be governed by the provision of articles above and to the articles governing code of conduct.</p>
<p>Conduct of Directors</p>	<p>85. It is the duty of each director of the company to take decisions (and exercise her/his other powers and responsibilities as a director) in such a way as she/he considers it will be in the best interests of the company and will promote the success of the company in furthering its objects, and irrespective of any office, post, engagement or other connection which she/he may have with any other body which may have an interest in the matter in question.</p> <p>86. Without prejudice to the principle above, each of the directors shall have the duty, in exercising functions as a charity trustee, to act in the interests of the company; and, in particular, must:</p> <p style="padding-left: 40px;">86.1 Seek, in good faith, to ensure that the company acts in a manner which is in accordance with its purposes;</p> <p style="padding-left: 40px;">86.2 Act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;</p> <p style="padding-left: 40px;">86.3 In circumstances giving rise to the possibility of a conflict of interest between the company and any party responsible for the appointment of that director, put the interests of the company before that of the other party;</p> <p style="padding-left: 40px;">86.4 Where any other duty prevents her/him 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;</p> <p style="padding-left: 40px;">86.5 Ensure the company complies with any direction, requirement, notice or duty imposed under or by virtue of the Charities and Trustee Investment (Scotland) Act 2005.</p> <p>87. Each of the directors shall comply with a code of conduct (incorporating detailed rules of conflict of interest, and on sanctions available to the board of directors for breach of the code) 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 at the time.</p>
<p>Directors remuneration and expenses</p>	<p>88. No director may serve as an employee of the company, and no director may be given any remuneration by the company for carrying out her/his duties as a director or as the holder of any office.</p> <p>89. For the avoidance of doubt, Executive Directors and Staff Representative Directors will be employees of the company, and will be entitled to retain all remuneration, pension and/or other benefits, paid or provided to them in their capacity as employees of the company.</p> <p>90. The directors may be paid all travelling and other expenses properly incurred by them in connection with their attendance at meetings of directors, general meetings or meetings of committees of directors, or otherwise in connection with the carrying out of their duties.</p>

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	<p>91. The Chair may be paid appropriate expenses as described in article 11.2.</p>
<p>Powers of Directors</p>	<p>92. Subject to provisions of the Companies Act 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.</p> <p>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.</p> <p>94. The powers conferred by the above articles shall not be limited by any special power conferred on the director by these articles.</p> <p>95. A meeting of directors at which a quorum is present may exercise all powers exercisable by directors.</p>
<p>Proceedings of directors</p>	<p>96. Subject to the provisions of these articles, and the Scheme of Delegation (incorporating the Terms of Reference and Standing Orders), the directors may regulate their proceedings as they think fit.</p> <p>97. Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.</p> <p>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 shall have a second or casting vote (except in the case of a general meeting resolution as described in article 78) – but, subject to that, every director present or otherwise participating in a meeting of directors shall have one vote in relation to each matter which is put to a vote at the meeting.</p> <p>99. The quorum for the transaction of the business of the directors is six.</p> <p>100. 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 a meeting in this manner can be deemed to be present in person at the meeting.</p> <p>101. 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 or she/he may act only for the purpose of filling vacancies or of calling a general meeting.</p> <p>102. Unless she/he is unwilling to do so, the Chair shall preside as chairperson at every meeting of directors at which she/he is present; if the Chair is unwilling to act as chairperson or is not present within 15 minutes after the time appointed for the meeting, the Vice Chair will preside as chairperson of the meeting.</p> <p>103. If neither the Chair nor the Vice Chair of the company is present and willing to act as chairperson within 15 minutes of the appointed time for the meeting, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.</p> <p>104. The directors may, at their discretion, allow any person who they reasonably consider appropriate, to attend and speak at any meeting of the directors; for the avoidance of doubt, any such person who is invited to attend a directors' meeting shall not be entitled to vote.</p> <p>105. A person invited to attend a meeting of the directors under the preceding article shall not be entitled to exercise any powers as a</p>

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	<p>director, and shall not be deemed to constitute a director for the purpose of the Companies Act or any provision of these articles.</p> <p>106. 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 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.</p> <p>107. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee if directors, shall be as valid and effectual as if it had been passed at a meeting of directors or 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.</p> <p>108. 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 she/he has, directly or indirectly, a personal interest or duty (unless immaterial) which conflicts or may conflict with the interests of the company.</p> <p>109. For the purposes of the above articles:</p> <p>109.1 An interest of a person who is taken to be connected with a director under section 252 of the Companies Act shall be treated as a personal interest of a director;</p> <p>109.2 A director shall be deemed to have a personal interest in relation to a particular matter if a body in relation to which she/he is an employee, director, member of the management committee, officer or elected representative has a personal interest in that matter.</p> <p>109.3 For the avoidance of doubt, an Executive Director or Staff Director shall not be entitled to vote in relation to any matter concerning her/his terms and conditions of employment.</p> <p>109.4 A director shall not be counted in the quorum present at the meeting in relation to a resolution on which she/he is not entitled to vote.</p> <p>109.5 If a question arises at a meeting of directors or at a meeting of a committee of directors as to the right of the director to vote, the question may, before the conclusion of the meeting, be referred to the chairperson of the meeting; her/his ruling in relation to any director other than herself/himself shall be final and conclusive.</p>
<p>Delegation to committees of directors and holders of office</p>	<p>110. The directors may put in place a structure of committees and may delegate any of their powers to any committee consisting of two or more directors; they may also delegate to the chair or director holding any office such of their powers as they consider appropriate.</p> <p>111. Any delegation of powers under the preceding article may be made subject to such conditions as the directors may impose, such as through a Scheme of Delegation, and may be revoked or altered.</p> <p>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.</p>

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	<p>113. In addition to their powers to designate committees, 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 135 and 136 shall apply to such committees, 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.</p>
<p>Nominations committee and Remunerations Committee</p>	<p>114. The directors shall establish two committees (referred to in these articles as the Nominations Committee and the Remunerations Committee), to guide the directors in relation to the selection of appropriate individuals as Independent Directors, and for reviewing remuneration to employees.</p> <p>115. The Nominations Committee and Remuneration Committee shall each comprise the Chair of the company and a minimum of two further individuals (who can be directors of the company or non-directors of the company) appointed by the board of directors.</p> <p>116. Subject to the above article, 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.</p> <p>117. In carrying out its functions, the Nominations Committee shall give effect to the following principles:</p> <p style="padding-left: 40px;">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;</p> <p style="padding-left: 40px;">117.2 Nominations for directors falling within the remit of the Nominations Committee should be sought from a range of appropriate sources;</p> <p style="padding-left: 40px;">117.3 All expressions of interest should be considered by the Nominations Committee; and</p> <p style="padding-left: 40px;">117.4 The Nominations Committee should maintain a register of suitable candidates for future reference.</p> <p>118. The Remuneration Committee is responsible for setting the remuneration of the Principal.</p> <p>119. The Remuneration Committee is also responsible for setting levels of expenses, compensation and payment for services by Directors, in line with the Code of Good Governance for Scotland’s Colleges and charity law.</p> <p>120. Members of the Remuneration Committee must undertake training (including online training) within one month of appointment.</p>
<p>Audit Committee</p>	<p>121. The directors shall establish a committee referred to 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.</p> <p>122. The Audit Committee shall comprise the chair of the Audit Committee as appointed by the board (who should not be the Chair</p>

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	<p>of the board of directors) and at least two other individuals (who need not be directors of the company) appointed by the board of directors.</p> <p>123. 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.</p>
Secretary	<p>124. The directors shall (notwithstanding the provisions of the Companies Act) appoint a Company Secretary, and on the basis of the term of office, remuneration (if any) and other terms and conditions attaching to the appointment of the company secretary shall be determined by the directors; the Company Secretary may be removed by the directors at any time.</p>
Minutes	<p>125. The directors shall ensure the 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 the directors present or otherwise participating in the meeting, and the minutes of each meeting shall be signed by the chairperson of that meeting.</p> <p>126. The directors shall ensure proper accounting records are maintained in accordance with all applicable statutory requirements.</p> <p>127. An Annual Financial Statement and Accounts shall be submitted to the Office of the Charities Regulator as required by the terms of charity law.</p> <p>128. Annual accounts and financial reports shall be made available to the public.</p>
Specific duties	<p>129. The directors shall appoint an independent auditor for the company and set appropriate remuneration for the auditor's services.</p> <p>130. The directors are responsible for ensuring a Principal is appointed to lead the institute by undertaking recruitment leading to appointment, setting remuneration, conducting performance appraisal and planning for succession.</p>
Winding up	<p>131. 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 instead be transferred to some charity or charities (whether incorporated or unincorporated) whose objects are altogether or in part similar to the objects of the company.</p> <p>132. The charity or charities to which property is transferred under the article above shall be determined by the members of the company at or before the time of dissolution, or failing such determination, by such court as may have jurisdiction at that time.</p> <p>133. To the extent that effect cannot be given to the provisions of the articles above, the relevant property shall be applied to some other charitable purpose or purposes.</p>
Indemnity	<p>134. Every director or 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, 533 of the Companies Act) against any loss or liability which she/he may sustain or incur in connection with the execution of the duties of her/his office; that may include, without prejudice to that generality (but only to the extent permitted by those sections of the Companies Act), any liability incurred by her/him in</p>

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	<p>defending any proceedings (whether civil or criminal) in which judgement is given in her/his favour or in which she/he is acquitted or any liability in connection with an application in which relief is granted to her/him by the Court from liability for negligence, default or breach of trust in relation to the affairs of the company.</p> <p>135. For the avoidance of doubt, the company shall be entitled to purchase and maintain for any director insurance against any loss or liability which she/he may sustain or incur in connection with the execution of the duties of her/his office, and such insurance may extend to the liabilities of the nature referred to in section 232(2) of the Companies Act (negligence etc of a director).</p>
Notices	<p>136. Any notice to be given in pursuance of these articles shall be in writing; the company may give any such notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at her/his registered address or by leaving it at that address; alternatively, at the member's electronic address to be used for this purpose.</p> <p>137. Any notice 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 has been given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.</p>

