

The Companies Act 2006

Company limited by guarantee  
and not having a share capital

**Articles of Association**  
**of**

**Rag Tag and Textile Ltd**

| <b>CONTENTS</b>                         |   |                  |
|---|---|------------------|
| <b>GENERAL</b>                          | constitution of the company, community, purposes, powers, general structure   | Articles 1-6     |
| <b>MEMBERS</b>                          | qualification, application, register of members, subscription, withdrawal, transfer, re-registration, termination   | Articles 7-13    |
| <b>DECISION-MAKING BY THE MEMBERS</b>   | annual general meetings, general meetings, procedures, voting, special/ordinary resolutions, written resolutions by members, minutes, adjournment   | Articles 14-21   |
| <b>DIRECTORS</b>                        | composition of the Board, eligibility, election/retiral/re-election, appointment/retiral/re-appointment of co-opted directors, register, termination of office, office bearers, powers of the board, directors' general duties, conflicts of interest, remuneration and expenses, code of conduct | Articles 22 - 34 |
| <b>DECISION-MAKING BY THE DIRECTORS</b> | notice of board meetings, procedure, quorum, voting, ancillary regulations, written resolutions, minutes  | Articles 35-37   |
| <b>ADMINISTRATION</b>                   | sub-committees, Company Secretary & Treasurer, restrictions on use of assets, operation of bank accounts, accounting records and annual accounts, notices   | Articles 38-40   |
| <b>MISCELLANEOUS</b>                    | indemnity, alteration of articles, winding up, limit of liability   | Articles 41-44   |
| <b>DEFINITIONS</b>                      |   | Article 45       |
| <b>SCHEDULE 1</b>                       | General powers, powers relating to property, employment, funding, development, insurance and ancillary powers.  | Articles 1-8     |
| <b>SCHEDULE 2</b>                       | Proxy Form  |                  |

| <b>GENERAL</b> |   |
|----------------|---|
| Article 1      | The name of the company is “Rag Tag and Textile Ltd” (“the Company”).   |
|                | <b>Registered Office</b>  |
| Article 2      | The Registered Office of the Company is situated in Scotland.   |
|                | <b>Definition of Community and Purposes</b>   |
| Article 3      | The Company has been formed for the public benefit of the Community of South Skye as defined by the boundaries of the four Community Councils for Broadford and Strath, Kyleakin and Kylerhea, Sconser and Sleat, (“ <b>the Community</b> ”), with the Purposes listed below.   |
|                | <b>Purposes</b>   |
| Article 4      | <p>The Company’s main Purpose is consistent with furthering the achievement of sustainable development, (where sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs).</p> <p>The Company’s Purposes are:</p>   |
| Article 4.1    | <p>The advancement of health, improving mental health and community well-being:-</p> <ul style="list-style-type: none"> <li>• To support mental health and well-being by providing a safe environment for creative learning</li> <li>• To improve mental wellbeing by reducing social isolation - offering creative outlets and opportunities for skills development and confidence building</li> <li>• To reduce the stigma attached to mental health issues by adopting a policy of inclusion whereby the whole community can be involved in our activities and raising public awareness about mental health, disability, discrimination issues.</li> </ul> |
| Article 4.2    | <p>The advancement of education:-</p> <ul style="list-style-type: none"> <li>• To offer structured learning opportunities via tutor-led workshops, enabling people in the community to build transferable craft skills</li> <li>• To offer learning opportunities that support the better use of resources through recycling, upcycling and reuse</li> </ul>  |

|             |   |
|-------------|---|
|             | <ul style="list-style-type: none"> <li>• To offer learning opportunities that strengthen confidence and self esteem</li> <li>• To offer opportunities to support the development of social and vocational skills</li> </ul>   |
| Article 4.3 | <p>The advancement of environmental protection through activities which promote sustainable development:-</p> <ul style="list-style-type: none"> <li>• To raise public awareness of the positive impact recycling, reducing and reusing have on the reduction of waste</li> <li>• To enhance and sustain the environment by offering recycling, upcycling and waste reduction opportunities through workshops and events</li> <li>• To build long term community sustainability skills through workshops and events</li> </ul>  |
|             | <b>Powers</b>   |
| Article 5   | The Company shall have powers to do anything which is calculated to further its Purposes or is conducive or incidental to doing so, as expressed in Article 42 and Schedule 1 annexed to these Articles.  |
| Article 5.1 | The Company may (subject to first obtaining the consent of OSCR) add to, remove or alter the statement of the company's purposes in articles 4, 4.1, 4.2, 4.3; on any occasion when it does so, it must give notice to the registrar of companies (Companies House) and the amendment will not be effective until that notice is registered on the register of companies.   |
|             | <b>General Structure</b>  |
| Article 6   | The structure of the Company comprises:   |
| Article 6.1 | <p><b>Members</b> – comprising:</p> <p>a) <b>Ordinary Members</b> - who have the right to attend the Annual General Meeting (AGM) and any General Meeting (GM) and have important powers under these Articles of Association and the Companies Act, who elect persons to serve as Directors and take decisions in relation to any changes to these Articles, and;</p> <p>b) <b>Associate Members</b> - Associate Members are not eligible to stand for election to the Board and are not eligible to vote at any AGM or GM.</p> |
| Article 6.2 | <p><b>Directors</b> – comprising:</p> <p>a) Elected Directors; and</p> <p>b) Co-Opted Directors</p> <p>who make up the Board and hold regular meetings between each AGM, set the strategy and policy of the Company, generally control and supervise the activities of the Company and, in particular, are responsible for monitoring its financial position and, where there are no</p>  |

|                |  |
|----------------|--|
|                | employees appointed, are responsible also for the day-to-day management of the Company.  |
| Article 6.3    | The Company shall have not fewer than 10 Members at any time.  |
| Article 6.4    | At least three quarters of the Members of the Company are members of the Community as defined in Article 7.1   |
| Article 6.5    | In the event that the number of Members falls below 10 or that at least three quarters of the Members do not consist of members of the Community, the Board may not conduct any business other than to ensure the admission of sufficient Ordinary Members to achieve the minimum number and/or maintain the majority.                 |
| <b>MEMBERS</b> |  |
|                | <b>Qualification for Membership</b>  |
| Article 7      | Membership of the Company is open to:  |
| Article 7.1    | <b>Ordinary Members:</b> those individuals aged 16 and over who:<br>a) are resident in the Community;<br>b) are entitled to vote at a local government election in a polling district that includes the Community or part of it; and<br>c) support the Purposes.   |
| Article 7.2    | <b>Associate Members:</b> those individuals who:<br>a) are not entitled to vote at a local government election in a polling district that includes the Community or part of it<br>b) and support the Purposes.   |
| Article 7.3    | <b>Employees</b> of the Company are <b>not</b> eligible for membership; and a person who becomes an employee of the Company after admission to membership will automatically cease to be a member.   |
| Article 7.4    | Declaring that, if a Member ceases to comply with any of these criteria at Article 7.1 and 7.2 they will be obliged to inform the Company and will thereafter be reclassified in terms of either Article 7.1 or 7.2 and that if the Company becomes aware of this itself it will so reclassify the Member and notify them accordingly. |
|                | <b>Application for membership</b>  |
| Article 8      | The Board shall promptly consider applications for membership, made in such written form as it shall prescribe from time-to-time. The Board will determine in which category of membership each applicant shall belong under Article 7.  |

|              |   |
|--------------|---|
|              | The Board will approve any valid application and must promptly notify each applicant of its decision.   |
|              | <b>Register of Members</b>  |
| Article 9    | The Board shall maintain a Register of Members, setting out the category of membership, the full name and address of each member, the date on which they were admitted to membership, and the date on which any person ceased to be a member.   |
| Article 9.1  | The register of members must be open for inspection – or, as the case may be, a copy must be supplied where a valid request (in compliance with section 116 of the Companies Act) has been made and (if applicable) the relevant fee has been paid; unless a direction to the contrary has been made by the court under section 117 of the Companies Act. |
|              | <b>Membership Subscriptions</b>   |
| Article 10   | No membership subscription shall be payable.  |
| Article 10.1 | Notwithstanding article 10, the Directors, subject to the approval of a special resolution of Ordinary Members, may introduce a membership fee in future. Any such change will not affect existing members until the completion of their current membership term.   |
|              | <b>Withdrawal from Membership</b>   |
| Article 11   | Any person who wants to withdraw from membership must submit a notice of withdrawal to the Company (either in print or electronically); they will cease to be a member as from the time when the notice is received by the Company.   |
| Article 11.1 | Membership will cease if they fail to meet the membership criteria set out in Article 7.  |
| Article 11.2 | Membership of the Company will terminate on death.  |
|              | <b>Transfer of membership</b>   |
| Article 12   | Membership of the Company may not be transferred by a member.   |

|              |  |
|--------------|--|
|              | <b>Re-registration of members</b>  |
| Article 13   | The Board may, at any time, issue notices to Members requiring them to confirm that they wish to remain as Members of the Company and allowing them a period of 28 days (running from the date of issue of the notice) to provide confirmation to the Board.   |
| Article 13.1 | If a Member fails to provide confirmation to the Board in writing that they wish to remain a Member of the Company before the expiry of the 28-day period referred to in Article 13, the Board may expel them from Membership.   |
|              | <b>Annual General Meetings (AGMs - Meetings of Members)</b>  |
| Article 14   | The Board shall convene an AGM in each year, at such time as it may determine, although the first AGM need not be held in the first year provided that it be held within 18 months after the date of incorporation of the Company. Thereafter, not more than 15 months shall elapse between one AGM and the holding of the next. |
| Article 14.1 | The business of each AGM shall include:<br>a) a report by the Chair on the activities of the Company;<br>b) consideration of the accounts of the Company;<br>c) the election of Directors.   |
| Article 14.2 | A notice convening an AGM must specify that the meeting is to be an AGM.   |
|              | <b>General Meetings (GMs - Meetings of Members)</b>  |
| Article 15   | The Board may convene a GM at any time.  |
| Article 15.1 | The Board must convene a GM within 28 days of 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).  |
| Article 15.2 | At least 14 clear days' notice must be given of a General Meeting to each Member and Director. In calculating the period of notice:<br>(a) the day after the notices are posted should be excluded; and<br>(b) the day of the meeting itself should also be excluded.  |
| Article 15.3 | Any notice which requires to be given to a member under these articles must be:<br>(a) sent by post to the member, at the address last notified by them to the company; or<br>(b) sent by email to the member, at the email address last notified by them to the company; or   |

|              |   |
|--------------|---|
|              | (c) (subject to the company notifying members of the presence of the notice on the website and complying with the other requirements of section 309 of the Companies Act) by means of a website.  |
| Article 15.4 | The notice shall specify the place, the day and the hour of the GM, the general nature of any business and the full text of any special resolutions proposed in terms of Articles 18 and 19.  |
| Article 15.5 | If Members and Directors are to be permitted to participate in an AGM or GM by way of audio and/or audio-visual links, details of how to connect and participate should be included in the notice.  |
| Article 15.6 | The notice must include a statement referring to the rights of a member regarding the appointment of another person as their proxy to attend, speak and vote at the GM in their place.  |
| Article 15.7 | The accidental omission to give notice of a GM to, or the non-receipt of such notice by, any person entitled to receive notice thereof in terms of Article 15.2, shall not invalidate any resolution passed at or proceedings of any GM.  |
|              | <b>Procedures at General Meetings (AGM and GM)</b>  |
| Article 16   | The Chair of the Company, whom failing the Vice-Chair of the Company (if any), shall act as Chair of each AGM and GM. If neither the Chair nor the Vice-Chair is present or willing to act as Chair of the meeting within 15 minutes after the time at which the AGM or GM in question was due to commence, the Directors present shall elect from among themselves one of the Elected Directors who will act as Chair of that meeting. |
| Article 16.1 | The quorum for a General Meeting shall be the greater of:<br>(a) <b>8</b> Ordinary Members; or<br>(b) <b>10%</b> of the Ordinary Members, in either event being present in person or represented by proxy. No business shall be dealt with at any AGM or GM unless a quorum is present.   |
| Article 16.2 | If a quorum is not present within 15 minutes after the time at which the AGM or GM was due to commence or if, during an AGM or GM, a quorum ceases to be present, the AGM or GM shall stand adjourned to such time, date and place as may be fixed by the Chair of the meeting.   |
| Article 16.3 | The Board may make any arrangements in advance of any AGM or GM to allow Members to fully participate in such AGM or GM so long as all those participating in the meeting can clearly comprehend each other; a Member participating by any such means other than in person shall be deemed to be present in person at the AGM or GM.  |

|              | <b>Voting at Meetings (AGM and GM)</b>   |
|--------------|--|
| Article 17   | The Chair of the meeting shall endeavour to achieve consensus wherever possible but, if necessary, questions arising shall be decided by being put to the vote.  |
| Article 17.1 | <p>The provisions regarding voting are as follows:</p> <p>(a) each Ordinary Member shall have one vote, which (whether on a show of hands or on a secret ballot) may be given either personally or by proxy (subject to article 17.3);</p> <p>(b) unless a secret ballot is demanded by the Chair of the meeting, or by at least two Ordinary Members present or represented by proxy and entitled to vote, in which case a secret ballot must be demanded only before any show of hands takes place and shall be taken immediately at the same meeting;</p> <p>(c) this secret ballot shall be conducted in such a manner as the Chair of the meeting may direct and the result of which shall be declared at the same meeting at which the ballot was demanded;</p> <p>(d) in that event, the Chair of the meeting shall appoint and instruct tellers, who may cast their own personal votes if Ordinary Members.</p>  |
| Article 17.2 | Associate Members shall have no vote.  |
| Article 17.3 | <p>Whilst actual attendance by Ordinary Members is to be encouraged at AGMs and GMs, any Ordinary Member shall be entitled to complete one form of proxy to appoint a proxy to attend an AGM and GM on his or her behalf, in respect of which the following apply:</p> <p>a) a proxy need not be a Member;</p> <p>b) a proxy appointed to attend and vote at any meeting instead of an Ordinary Member shall have the same right as the Ordinary Member who appointed him or her to speak at the meeting and to vote thereat;</p> <p>c) the form appointing the proxy shall be in terms of Schedule 2 annexed to these Articles;</p> <p>d) the form appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, shall be lodged at the Registered Office not less than 48 hours before the time of the meeting at which the proxy is to be used; and</p> <p>e) no form of proxy shall be valid more than 12 months from the date it was granted.</p> |
| Article 17.4 | In the event of an equal number of votes for and against any resolution, whether by show of hands or secret ballot, the Chair of the meeting shall have a casting vote.  |

|              |  |
|--------------|--|
|              | <b>Ordinary and Special Resolutions</b>  |
| Article 18   | At any AGM or GM, a resolution put to the vote of the meeting shall be voted upon by a simple majority of the Ordinary Members who are present or represented by proxy and voting thereon, except for decisions relating to all <b>special resolutions</b> including but not limited to: <ul style="list-style-type: none"> <li>a) to alter the name of the Company;</li> <li>b) to amend the Purposes;</li> <li>c) to amend these Articles (subject to Article 42)</li> <li>d) to wind up of the Company in terms of Article 43</li> <li>e) all other special resolutions.</li> </ul> |
| Article 18.1 | <b>Special resolutions</b> shall require to be decided upon by not less than 75% of the Ordinary Members present or represented by proxy and voting thereon (no account therefore being taken of Members who abstain from voting).   |
| Article 18.2 | <b>Ordinary and special resolutions</b> may be passed in writing, rather than at an AGM or GM, provided that the terms of this Article are followed:   |
| Article 18.3 | An <b>ordinary resolution</b> in writing signed by or on behalf of a simple majority of all the Ordinary Members shall be as valid and effective as if the same had been passed at an AGM or GM duly convened and held, provided that the terms of this Article are followed.  |
| Article 18.4 | A <b>special resolution</b> in writing signed by or on behalf of not less than 75% of all the Ordinary Members shall be as valid and effective as if the same had been passed at an AGM or GM duly convened and held, provided that it states that it is a special resolution and the terms of this Article are followed.  |
|              | <b>Written Resolutions</b>   |
| Article 19   | Written resolutions may not be used either for the removal of a Director prior to the expiration of his or her term of office, or for the removal of an independent financial examiner or auditor prior to the expiration of his or her term of office.  |
| Article 19.1 | Any written resolution must be issued in hard copy or in electronic form, or by means of a website at the same time, to all Ordinary Members on the Circulation Date.  |
| Article 19.2 | Where such a written resolution is proposed by Ordinary Members, the following shall apply: <ul style="list-style-type: none"> <li>(a) the resolution must be requested by not less than 5% of the Ordinary Members (“the Members request”);</li> </ul>  |

|              |  |
|--------------|--|
|              | <p>(b) the Members' request may be made in hard copy or in electronic form;</p> <p>(c) the Members' request must identify the resolution to be put to Members and the Board can reject such resolutions, but must provide reasons for doing so to the Members requesting the resolution;</p> <p>(d) the Members' request can include an accompanying statement (not exceeding 1,000 words) which they can require the Company to issue with the written resolution to all Ordinary Members;</p> <p>(e) within 21 days, the Company must circulate the resolution and any accompanying statement, along with the express statements referred to in Article 19.3 hereof; and</p> <p>(f) the expenses of the company in complying with the request to circulate the written resolution must be paid by the members who requested the circulation of the resolution unless the company resolves otherwise.</p> |
| Article 19.3 | <p>Where such a written resolution is circulated by the Board, on the request of the Members, it must include the following express statements:</p> <p>(a) an explanation to the eligible Members how to signify their agreement to the resolution;</p> <p>(b) how it can be sent back by them, and whether in hard copy and/or in electronic form;</p> <p>(c) clarification that a failure to reply will be deemed to be a vote against the resolution in question; and</p> <p>(d) the date by which the resolution must be passed if it is not to lapse (that is, the date which is 28 days after the Circulation Date).</p>   |
| Article 19.4 | <p>Any such written resolution may consist of several documents in the same form, each signed by or on behalf of one or more Ordinary Members.</p>   |
| Article 19.5 | <p>Once an Ordinary Member has signed and returned a written resolution in agreement thereto, his or her agreement is irrevocable.</p>   |
|              | <p><b>Minutes of General Meetings</b></p>  |
| Article 20   | <p>The Board must ensure that proper minutes are kept in relation to all general meetings, and that a proper record is kept of all resolutions agreed to in writing or by email under article 18.2 to 18.4.</p>  |
| Article 20.1 | <p>Minutes of General Meetings must include the names of those present; and (so far as possible) should be signed by the Chair of the meeting.</p>   |
| Article 20.2 | <p>The records of resolutions kept under article 18 must include confirmation that each resolution was passed as a special resolution</p>  |

|                  |  |
|------------------|--|
|                  | (or, as applicable, an ordinary resolution); and should be signed by the Chair of the Company.   |
| Article 20.3     | The Board shall make available copies of the minutes, and records of resolutions to any member of the public requesting them.  |
|                  | <b>Meeting Adjournment (AGM and GM)</b>  |
| Article 21       | The Chair of the AGM or GM may, with the consent of a majority of the Ordinary Members present (or by proxy) and voting thereat, adjourn the meeting to such time, date and place as the Chair may determine.  |
| <b>DIRECTORS</b> |  |
| Article 22       | The affairs, property and funds of the Company shall be directed and managed by the <b>Board of Directors</b> . The Board may exercise all such powers of the Company, and may on behalf of the Company do all acts as may be exercised and done by the Company, other than those required to be exercised or done by the Ordinary Members in an AGM or GM, and subject always to these Articles and to the provisions of the Act. |
|                  | <b>Composition of the Board</b>  |
| Article 23       | Unless otherwise determined by special resolution at a General Meeting (but not retrospectively) the maximum number of Directors shall be <b>10</b> and the minimum number of Directors shall be <b>3</b> . The majority of Directors shall always be Elected Directors who are Ordinary Members of the Company.   |
| Article 23.1     | Up to <b>2</b> individual persons who are not Ordinary Members and are co-opted under Article 6.2b (" <b>the Co-opted Directors</b> "), so as to ensure a spread of skills and experience within the Board.  |
|                  | <b>Eligibility</b>   |
| Article 24       | A person will not be eligible for election/appointment to the Board under Article 6.2a unless they are a member of the Company; a person appointed to the Board under Article 6.2b need not, however be a Member of the Company.   |
| Article 24.1     | A person will not be eligible for election or appointment to the Board if they are: <ul style="list-style-type: none"> <li>(a) disqualified from being a charity trustee under the Scottish Charities Act (even if the Company is not a charity at the time);</li> <li>or</li> <li>(b) an employee of the Company.</li> </ul>  |

|              |  |
|--------------|--|
|              | <b>Election, retiral, re-election of Directors</b>   |
| Article 25   | A retiring Elected Director shall retain office until the close or adjournment of the meeting.   |
| Article 25.1 | A retiring Director shall be eligible for re-election.   |
| Article 25.2 | At each AGM, the members may elect any member who shall be (or be eligible to become) an Ordinary Member, providing they are willing to be a Director.   |
| Article 25.3 | The election of any Elected Director shall be by vote of the Ordinary Members, each Ordinary Member having one vote for each vacancy in the Elected Directors on the Board.  |
| Article 25.4 | The Board may from time to time fill any casual vacancy arising as a result of the retiral (or deemed retiral for any reason) of any Elected Director from or after the date of such retiral or deemed retiral until the next AGM.   |
|              | <b>Appointment/re-appointment of Co-opted Directors</b>  |
| Article 26   | A Co-opted Director shall serve until the next AGM after their co-option.  |
| Article 26.1 | A Co-opted Director can be re-co-opted at such next AGM.   |
| Article 26.2 | A Co-opted Director can be removed from office at any time by a simple majority of the Board.  |
| Article 26.3 | For the avoidance of doubt, a Co-opted Director may participate fully in and vote at all Board meetings.   |
| Article 26.4 | The Board shall meet as often as necessary to despatch all business of the Company as specified in the Articles and particularly with reference to the restrictions in the quorum for Board meetings specified in Articles 36 to 36.2.   |
|              | <b>Register of Directors</b>   |
| Article 27   | The Board shall ensure that a Register of Directors is maintained which shall be open for inspection by both the Board and Members and, with the express prior written approval of the Director or employee concerned, by members of the public, which sets out the full details of each Director as required for all registration purposes under the Act, including the date and type of appointment and the date of retiral. |

|              |  |
|--------------|--|
|              | <b>Termination of Office</b>   |
| Article 28   | A Director shall retire or be deemed to retire if:   |
| Article 28.1 | Being an Elected Director, they cease to be an Ordinary Member in terms of Article 7.1a; or  |
| Article 28.2 | They become prohibited from being either<br>(a) a charity trustee by virtue of section 69(2) of the 2005 Act or<br>(b) a director of a limited company by reason of any rule of law, including any order made under the Company Directors Disqualification Act 1986, and every statutory modification and re-enactment thereof for the time being in force; or |
| Article 28.3 | In terms of section 66(5) of the 2005 Act, they are considered by the Board to have been in serious or persistent breach of either or both of the duties listed in sections 66(1) and 66(2) of the 2005 Act; or  |
| Article 28.4 | They are employed by or holds any office of profit under the Company (except where the provisions of Article 33.3 apply); or   |
| Article 28.5 | They are absent (without good reason, in the opinion of the Board) from more than three consecutive meetings of the Board, and the Board resolves to remove them from office; or   |
| Article 28.6 | By written notice to the Registered Office, they resign as a Director.   |
|              | <b>Office Bearers</b>  |
| Article 29   | The Board shall meet as soon as practicable immediately after each AGM (or after a resignation of the Chair or Vice-Chair) to appoint a Chair, and if desired a Vice-Chair, from the Elected Directors (both of whom must be Ordinary Members).  |
| Article 29.1 | In addition to the office-bearers required under article 29, the Board may elect (from among themselves) further office-bearers if they consider that appropriate.   |
| Article 29.2 | All of the office bearers will cease to hold office at the conclusion of each AGM, but may then be re-elected by the Board (after the AGM) under article 29.   |
| Article 29.3 | A person elected to any office will automatically cease to hold that office:<br>(a) if they cease to be a director; or<br>(b) if they give to the company a notice of resignation from that office (either in writing or by email).  |

|            |  |
|------------|--|
|            | <b>Powers of the Board</b>   |
| Article 30 | <p>Subject to the provisions of the Companies Act and these articles, and subject to any directions given by special resolution</p> <p>(a) the company (and its assets and undertaking) shall be managed by the Board; and</p> <p>(b) the Board may exercise all the powers of the company.</p> <p>A meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.</p> <p>The members may, by special resolution, direct the Board to take any particular step or direct the Board not to take any particular step; and the Board shall give effect to any such direction accordingly.</p>   |
|            | <b>General Duties</b>  |
| Article 31 | <p>Each of the Directors shall, in exercising their functions as a Director of the company, act in the interests of the company; and, in particular, must:</p> <p>(a) seek, in good faith, to ensure that the company acts in a manner which is in accordance with its objects;</p> <p>(b) 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>(c) ensure that the company complies with any direction, requirement, notice or duty imposed on it by the Scottish Charities Act.</p>  |
|            | <b>Conflicts of Interest</b>   |
| Article 32 | <p>Any Director who has a personal interest in any prospective or actual contract or other arrangement with the Company must declare that interest either generally to the Board or specifically at any relevant meetings.</p> <p>A personal interest includes not only the interest of the Director or employee in question, but also their partner, close relative or business associate, or:</p> <p>(a) any firm of which they are a partner or employee;</p> <p>(b) or any limited company of which they are a director, or</p> <p>(c) employee or shareholder of more than 5% of the equity or voting power, or</p> <p>(d) any limited liability partnership of which they are a member, or</p> <p>(e) any Scottish charitable incorporated organisation of which they are a charity trustee, or</p> <p>(f) any registered society or unincorporated association of which they are a management committee member (or any other party who/which is deemed to be connected with them for the purposes of the Act), has a personal interest in that arrangement.</p> |

|              |  |
|--------------|--|
| Article 32.1 | Additionally, the Board may resolve at any time to require all Directors to deliver a notice of relevant interests to the Registered Office, as they arise and at least annually. In that event, the Board shall determine from time to time what interests shall be relevant interests and shall ensure that a Register of Notices of Relevant Interests is maintained, which shall be open for inspection by both the Board and Members and, with the express prior written approval of the Director or employee concerned, by members of the public.  |
| Article 32.2 | Whenever a Director finds that there is a personal interest, as defined in Article 32, they have a duty to declare this to the Board during the meeting in question. It will be up to the Chair of the meeting in question to determine:<br>(a) whether the potential or real conflict simply be noted in the Minutes of any relevant meeting, or<br>(b) whether the Director in question, whilst being permitted to remain in the meeting in question, must not partake in discussions or decisions relating to such matter, or<br>(c) whether the Director in question should be required to be absent during that particular element of the meeting and, in terms of Article 36,<br>(d) where a Director leaves, or is required to leave, the meeting they no longer form part of the quorum thereat. |
|              | <b>Remuneration and Expenses</b>   |
| Article 33   | The income and property of the Company shall be applied solely towards promoting the Purposes and do not belong to the Members. Any surplus income or assets of the Company are to be applied for the benefit of the Community.  |
| Article 33.1 | No part of the income or property of the Company shall be paid or transferred (directly or indirectly) to the Members of the Company, or to any other individual, whether by way of dividend, bonus or otherwise, except in the circumstances provided for in Article 33.3.  |
| Article 33.2 | No Director shall be appointed as a paid employee of the Company.  |
| Article 33.3 | No benefit (whether in money or in kind) shall be given by the Company to any Member or Director except the possibility of:<br>a) repayment of out-of-pocket expenses to Directors (subject to prior agreement by the Board); or<br>b) reasonable remuneration to any member or Director in return for specific services actually rendered to the Company (not being of a management nature normally carried out by a director of a company); or<br>c) payment of interest at a rate not exceeding the commercial rate on money lent to the Company by any member or Director; or  |

|  |   |
|--|---|
|  | <p>d) payment of rent at a rate not exceeding the open market rent for property let to the Company by any member or Director; or</p> <p>e) the purchase of property from any member or Director provided that such purchase is at or below market value; or</p> <p>f) the sale of property to any member or Director provided that such sale is at or above market value; or</p> <p>g) payment by way of any indemnity, where appropriate, and in any such event the terms of Article 41 shall specifically apply.</p>          |
|  | <b>Code of Conduct for Directors</b>  |
| Article 34                                       | <p>Each of the directors shall comply with the <b>Code of Conduct</b> (incorporating detailed rules on conflict of interest) prescribed by the Board from time to time.</p> <p>For the avoidance of doubt, the Code of Conduct shall be supplemental to the provisions relating to the conduct of directors contained in these articles of association; and the relevant provisions of these articles shall be interpreted and applied in accordance with the provisions of the Code of Conduct in force from time to time.</p> |
| <b>DECISION MAKING BY THE BOARD OF DIRECTORS</b> |   |
|  | <b>Notice of board meetings</b>   |
| Article 35                                       | At least 7 clear days' notice must be given of each Board meeting, unless (in the opinion of the person calling the meeting) there is a degree of urgency which makes that inappropriate.   |
| Article 35.1                                     | A Director may, and on the request of a Director the Company Secretary shall, summon a meeting of the Board by notice served upon all Directors, to take place at a reasonably convenient time and date.  |
|  | <b>Procedure for Board Meetings</b>   |
| Article 36                                       | The quorum for Board meetings shall be not less than 50% of all the Directors, provided that the Elected Directors are always in the majority at any Board meeting. No valid decisions can be taken at a Board meeting unless a quorum is present.  |
| Article 36.1                                     | A Director shall not be counted in the quorum at a meeting (or at least the relevant part thereof) in relation to a resolution on which, whether because of personal interest or otherwise, they are not entitled to vote in terms of articles 32.2c and 32.2d.   |

|               |  |
|---------------|--|
| Article 36.2  | The Board may act notwithstanding any vacancy in it, but where the number of Directors falls below the minimum number specified in Article 23 it may not conduct any business other than to appoint sufficient Directors to match or exceed that minimum.  |
| Article 36.3  | Meetings of the Board may take place in person or by telephone conference call, video conference call or by any other collective electronic means approved from time to time by the Board.   |
| Article 36.4  | An individual participating in a Board meeting via an audio or audio-visual link which allows them to hear and contribute to discussions at the meeting will be deemed to be present in person (or, if they are not a director, will be deemed to be in attendance) at the meeting.  |
| Article 36.5  | The Chair of the Company, whom failing the Vice-Chair (if any), should act as Chairperson of each Board meeting at which they are present.   |
| Article 36.6  | If at any meeting neither the Chair nor the Vice-Chair is present and willing to act as Chair of the meeting within 15 minutes after the time appointed for holding the meeting, the remaining Directors may appoint one of the Elected Directors to be Chair of the Board meeting, which failing the meeting shall be adjourned until a time and date when the Chair or Vice-Chair will be available.   |
| Article 36.7  | The Board may invite or allow any person to attend and speak, but not to vote, at any meeting of the Board or of its sub-committees.   |
| Article 36.8  | <p>The Chair of the Board meeting shall endeavour to achieve consensus wherever possible but, if necessary, questions arising shall be decided by being put to the vote, each Director present and entitled to vote, having one vote.</p> <p>All decisions at board meetings will be made by majority vote. In the event of an equal number of votes for and against any resolution at a Board meeting, the Chair of the meeting shall have a casting vote as well as a deliberative vote.</p> |
| Article 36.9  | The Board may from time to time promulgate, review and amend any ancillary regulations, guidelines and/or policies, subordinate at all times to these Articles, as it deems necessary and appropriate to provide additional explanation, guidance and governance to Members/Directors.   |
| Article 36.10 | A resolution in writing (whether one single document signed by all or a sufficient majority of the Elected Directors, or all or a sufficient majority of the Members of any sub-committee), whether in one or several documents in the same form each signed by one or more Directors or Members of any relative sub-committee as appropriate, shall be as   |

|               |  |
|---------------|--|
|               | valid and effectual as if it had been passed at a meeting of the Board or of such sub-committee duly convened and constituted.   |
| Article 36.11 | No alteration of the Articles and no direction given by special resolution shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given.  |
|               | <b>Minutes</b>   |
| Article 37    | The Board shall cause minutes to be made of all appointments of officers made by it and of the proceedings of all Board meetings and of sub-committee meetings, including the names of those present, and all business transacted at such meetings and any such minutes of any meeting, if purporting to be signed after approval, either by the Chair of such meeting, or by the Chair of the next meeting, shall be sufficient evidence without any further proof of the facts therein stated. |
| Article 37.1  | Subject to Article 37.2, the Company, upon request of any person for a copy of any minutes must, if the request is reasonable, give the person within 28 days of the request a copy of the requested minutes.  |
| Article 37.2  | Where such a request is received under Article 37.1 the company:<br>(a) may withhold information contained in the minutes, and<br>(b) if it does so, must inform the person requesting a copy of the minutes of its reason for doing so.   |
|               | <b>ADMINISTRATION</b>  |
|               | <b>Delegation to Sub-Committees</b>  |
| Article 38    | The Board may delegate any of its powers to sub-committees, each consisting of not less than one Director and such other person or persons as it thinks fit or which it delegates to the sub-committee to appoint.   |
| Article 38.1  | Any sub-committee so formed shall, in the exercise of the powers so delegated, conform to any remit and regulations imposed on it by the Board.  |
| Article 38.2  | The rules of procedure for each sub-committee, and the provisions relating to membership of each sub-committee, shall be set by the Board.   |
| Article 38.3  | Such sub-committee shall regularly and promptly circulate, or ensure the regular and prompt circulation of, the minutes of its meetings to all Directors.  |

|              |   |
|--------------|---|
|              | <b>Company Secretary and Treasurer</b>  |
| Article 39   | The Board may (notwithstanding the provisions of the Companies Act) appoint a Company Secretary – and on the basis that the term of the appointment, the remuneration (if any) payable to the Company Secretary, and the conditions of appointment shall be as determined by the Board; the Company Secretary may be removed by the Board at any time.  |
| Article 39.1 | The Board may appoint a Treasurer for such term and upon such conditions as it may think fit. The Treasurer may be removed by the Board at any time. Whilst in post, the Treasurer may be required to attend (but shall have no vote (if not an Elected Director) at Board meetings during his or her tenure as Treasurer, except any part or parts thereof dealing with his or her employment or remuneration, or any other matter which the Board wishes to keep confidential to itself.        |
|              | <b>Accounting, Records and Annual Accounts</b>  |
| Article 40   | The Board shall manage all funds and assets of the Company and direct that they are applied towards achieving the Purposes.   |
| Article 40.1 | The banking account or accounts of the Company shall be kept in such bank or building society and/or banks or building societies as the Board shall from time to time by resolution determine.  |
| Article 40.2 | All cheques and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.   |
| Article 40.3 | The accounting records shall be maintained by the Treasurer (if there is one), or as determined by, the Board. Such records shall be kept at such place or places as the Board thinks fit and shall always be open to the inspection of the Directors.  |
| Article 40.4 | The Board must ensure that proper accounting records are kept, in accordance with all applicable statutory requirements.<br><br>The Board must prepare annual accounts, complying with all relevant statutory requirements; and:<br><br><b>if</b> an audit is required under any statutory provisions (or if the Board consider that an audit would be appropriate for some other reason), the Board should ensure that an audit of the accounts is carried out by a qualified auditor;<br><br>or |

|                      |   |
|----------------------|---|
|                      | if an audit is not carried out, the Board must ensure that an independent examination of the accounts is carried out by a qualified independent examiner.   |
| Article 40.5         | <p>At each AGM, the Board shall provide the Members with a copy of the accounts for the period since the last preceding accounting reference date (or, in the case of the first account, since the incorporation of the Company). The accounts shall be accompanied by proper reports of the Board.</p> <p>Copies of such accounts shall, not less than 21 Clear Days before the date of the AGM, be delivered or sent to all Members or otherwise be available for inspection on the website of the Company.</p>     |
| <b>MISCELLANEOUS</b> |   |
|                      | <b>Indemnity</b>  |
| Article 41           | <p>Subject to the terms of the Act and without prejudice to any other indemnity, the Directors, or member of any sub-committee, the Company Secretary, Treasurer and all employees of the Company shall be indemnified out of the funds of the Company against:</p> <p>(a) any liability incurred by that person in connection with any negligence, default, breach of duty or breach of trust in relation to the Company;</p> <p>(b) any other liability incurred by that Director as an officer of the Company.</p> |
| Article 41.1         | This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other rule of law.  |
|                      | <b>Alteration to the Articles</b>   |
| Article 42           | Any alteration to these Articles should comply with the following conditions:   |
| Article 42.1         | Upon the decision of not less than 75% of the Ordinary Members present and voting at a General Meeting called specifically (but not necessarily exclusively) for the purpose in terms of Article 18;  |
| Article 42.2         | Any changes to the Purposes are subject to written consent being obtained from the OSCR (and its successors) in terms of section 16 of the 2005 Act;  |

|              |  |
|--------------|--|
| Article 42.3 | Notify the Office of the Scottish Charity Regulator (and its successors) of any other changes to the Articles not covered under Article 42.2 (i.e. not related to Purposes) in terms of Section 17 of the 2005 Act;  |
| Article 42.4 | Notify the Register of Companies (Company House) of changes and;   |
| Article 42.5 | Notify the Scottish Ministers of any alterations to the Articles.  |
|              | <b>Winding Up (Dissolution)</b>  |
| Article 43   | The winding-up of the Company may take place only on the decision of not less than 75% of its Ordinary Members who are present and voting at a General Meeting called specifically (but not necessarily exclusively) for the purpose.  |
| Article 43.1 | <p>If, on the winding-up of the Company, any property remains, after satisfaction of all its debts and liabilities, such property (including any land acquired by it in terms of the Land Reform Act 2003 or Land Reform Act 2016) shall be given or transferred to a non-profit distributing body with similar objectives such as;</p> <p>(a) community body or bodies;<br/> (b) crofting community body or bodies;<br/> (c) Part 3A community body or bodies; or<br/> (d) Part 5 community body or bodies</p> <p>as may be:</p> <p>(I) determined by not less than 75% of the Ordinary Members of the Company who are present and voting at a General Meeting called specifically (but not necessarily exclusively) for the purpose; and<br/> (II) approved by the Office of the Scottish Charity Regulator (and its successors);<br/> (III) approved thereafter by the Scottish Ministers under declaration that, if the Company is a Charity at or before the time of its winding up, then the community body or bodies or crofting community body or bodies or Part 3A community body or bodies or Part 5 community body or bodies referred to above must also be a Charity or charities.</p> |
| Article 43.2 | Or if no such community body or bodies or Part 3A community body or bodies or crofting community body or bodies or Part 5 community body or bodies is determined by the Ordinary Members and approved by Scottish Ministers in terms of Article 43.1, such property referred to in Article 43.1 shall, be transferred to the Scottish Ministers or, to such Charity or Charities as the Scottish Ministers may direct.   |
| Article 43.3 | In Article 43;<br>a) “community body” has meaning ascribed to it under Section 34 of the Land Reform Act 2003  |

|              |  |
|--------------|--|
|              | <p>b) “crofting community body” has meaning ascribed to it under Section 71 of the Land Reform Act 2003</p> <p>c) “Charity” has the meaning ascribed to it in under Section 34(8) of the Land Reform Act 2003</p> <p>d) “Part 3A community Body” has the meaning ascribed to it under Section 97D of the Land Reform Act 2003.</p> <p>e) “Part 5 community body” has the meaning ascribed to it under Section 49 of the Land Reform Act 2016.</p>  |
|              | <b>Limit of Liability</b>  |
| Article 44   | The liability of all Members is limited.   |
| Article 44.1 | <p>Every member undertakes that if the Company is wound up while they are a member (or within one year after they cease to be a member), they will contribute – up to a maximum of £1 - to the assets of the Company to be applied towards:</p> <p>a) for payment of its debts and liabilities contracted before he, she or it ceases to be a member,</p> <p>b) payment of the costs, charges and expenses of winding up,</p> <p>c) adjustment of the rights of the contributories among themselves.</p> |

## DEFINITIONS

|            |  |
|------------|--|
| Article 45 | <p>In these Articles of Association, the following definitions apply throughout:</p> <p>“<b>Act</b>” means the Companies Act 2006 and every statutory modification and re-enactment thereof for the time being in force.</p> <p>“<b>AGM</b>” means an Annual General Meeting.</p> <p>“<b>Article(s)</b>” means any Article or these Articles of Association.</p> <p>“<b>Board</b>” means the Board of Directors.</p> <p>“<b>Charity</b>” means a body entered in the Scottish Charity Register as defined under section 106 of the Charities and Trustee Investment (Scotland) Act 2005.</p> <p>“<b>Circulation Date</b>” means the date on which copies of the written resolution are sent to the Ordinary Members, as defined in Article 7.1</p> <p>“<b>Clear Days</b>” means a period excluding the day when notice is given and the day of the meeting.</p> <p>“<b>Community</b>” means the community area described in Article 3.</p> <p>“<b>Company</b>” means the company to which these Articles relate.</p> <p>“<b>Director(s)</b>” means the director(s) for the time being of the Company.</p> <p>“<b>GM</b>” means a General Meeting. All General Meetings, other than AGMs, shall be called General Meetings.</p> <p>“<b>Individual</b>” means a human/person.</p> <p>“<b>Land Reform Act 2003</b>” means the Land Reform (Scotland) Act 2003 and every statutory modification or re-enactment thereof for the time being in force.</p> |
|------------|--|

|              |  |
|--------------|--|
|              | <p><b>“Land Reform Act 2016”</b> means the Land Reform (Scotland) Act 2016 and every statutory modification or re-enactment thereof for the time being in force.</p> <p><b>“Members”</b> mean those individuals or organisations who have joined the company.</p> <p><b>“Organisation”</b> means any incorporated or unincorporated association, society, federation, partnership, corporate body, agency, undertaking, local authority, union, co-operative, trust or other organisation (not being an individual person).</p> <p><b>“OSCR”</b> means the Office of the Scottish Charity Regulator.</p> <p><b>“Property”</b> means any property, assets or rights, heritable or moveable, wherever situated in the world, belonging to the Company.</p> <p><b>“Subscribers”</b> means those Ordinary Members, as defined in Article 7.1, who have subscribed the Memorandum of Association.</p> <p><b>“Them”, “Their” or “They”</b> means an individual or an organisation.</p> <p><b>“The 2005 Act”</b> means the Charities and Trustee Investment (Scotland) Act 2005 and every statutory modification or re-enactment thereof for the time being in force.</p> |
| Article 45.1 | Words importing the singular number only shall include the plural number, and vice versa; and words importing the masculine gender only shall include the feminine gender.   |
| Article 45.2 | These Articles supersede any model Articles and any regulations pertaining thereto. Subject as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meanings in the Articles.  |
| Article 45.3 | The two schedules to these Articles are deemed to form an integral part of these Articles.   |

# Schedule 1

| Schedule Articles | Powers Available to the Company   |
|-------------------|---|
| Article 1         | Further to Article 5, the Company shall have the following powers, but only in furtherance of the Purposes and declaring that the order in which these Powers are listed or the terms of the sub-headings are of no significance in terms of their respective priority which shall be deemed to be equal, namely:   |
|                   | <b>General Powers</b>   |
| Article 2.1       | To encourage and develop a spirit of voluntary or other commitment by, or co-operation with, individuals, unincorporated associations, societies, federations, partnerships, corporate bodies, agencies, undertakings, local authorities, unions, co-operatives, trusts and others and any groups or groupings thereof willing to assist the Company to achieve the Purposes.                           |
| Article 2.2       | To promote and carry out research, surveys and investigations and to promote, develop and manage initiatives, projects and programmes.  |
| Article 2.3       | To provide advice, consultancy, training, tuition, expertise and assistance.  |
| Article 2.4       | To prepare, organise, promote and implement training courses, exhibitions, lectures, seminars, conferences, events and workshops, to collect, collate, disseminate and exchange information and to prepare, produce, edit, publish, exhibit and distribute articles, pamphlets, books and other publications, tapes, motion and still pictures, music and drama and other materials, all in any medium. |
|                   | <b>Powers relating to Property</b>  |
| Article 3.1       | To register an interest in land and to exercise the right to buy land under Part 2 or Part 3A of the Land Reform Act 2003 or Part 5 of the Land Reform Act 2016.  |
| Article 3.2       | To purchase, take on lease, hire, or otherwise acquire any property suitable for the Company.   |
| Article 3.3       | To construct, convert, improve, develop, conserve, maintain, alter and demolish any buildings or erections whether of a permanent or temporary nature, and manage and operate or arrange for the professional or other appropriate management and operation of the Company's property.  |

|             |   |
|-------------|---|
| Article 3.4 | To sell, let, hire, license, give in exchange and otherwise dispose of all or any part of the property of the Company.  |
| Article 3.5 | To establish and administer a building fund or funds or guarantee fund or funds or endowment fund or funds.   |
|             | <b>Powers relating to Employment</b>  |
| Article 4.1 | To employ, contract with, train and pay such staff (whether employed or self-employed) as are considered appropriate for the proper conduct of the activities of the Company.   |
|             | <b>Powers relating to Funding and Financial Matters</b>   |
| Article 5.1 | To take such steps as may be deemed appropriate for the purpose of raising funds for the activities of the Company.   |
| Article 5.2 | To accept subscriptions, grants, donations, gifts, legacies and endowments of all kinds, either absolutely or conditionally or in trust.  |
| Article 5.3 | To borrow or raise money for the Purposes and to give security in support of any such borrowings by the Company and/or in support of any obligations undertaken by the Company.   |
| Article 5.4 | To set aside funds not immediately required as a reserve or for specific Purposes.  |
| Article 5.5 | To invest any funds which are not immediately required for the activities of the Company in such investments as may be considered appropriate, which may be held in the name of a nominee Company under the instructions of the Board, and to dispose of, and vary, such investments. |
| Article 5.6 | To make grants or loans of money and to give guarantees.  |
|             | <b>Powers relating to Development</b>   |
| Article 6.1 | To establish, manage and/or support any other charity, and to make donations for any charitable purpose falling within the Purposes.  |
| Article 6.2 | To establish, operate and administer and/or otherwise acquire any separate trading company or association, whether charitable or not.   |

|             |   |
|-------------|---|
| Article 6.3 | To enter into any arrangement with any organisation, government or authority which may be advantageous for the purposes and/or activities of the Company and to enter into any arrangement for co-operation, mutual assistance, or sharing profit with any charitable organisation. |
| Article 6.4 | To enter into contracts to provide services to or on behalf of others.  |
|             | <b>Powers concerning Insurance and Protection</b>   |
| Article 7.1 | To effect insurance of all kinds (which may include indemnity insurance in respect of Directors and employees).   |
| Article 7.2 | To oppose, or object to, any application or proceedings which may prejudice the interests of the Company.   |
|             | <b>Ancillary Powers</b>   |
| Article 8.1 | To pay the costs of forming the Company and its subsequent development.   |
| Article 8.2 | To carry out the Purposes as principal, agent, contractor, trustee or in any other capacity.  |
| Article 8.3 | To do anything which may be incidental or conducive to the Purposes so long as these are charitable.  |

Schedule 2 – Form of Proxy

---

The form appointing the Proxy in terms of **Article 25.3.3** shall be in the following terms, adapted as appropriate:

Rag Tag and Textile Ltd

I  
.....,

of  
.....,

being an Ordinary Member of the above Company hereby

appoint  
.....,

of  
.....,

and, failing him or her,  
.....,

of  
.....,

as my proxy to vote for me on my behalf at the (Annual General/General) meeting of the Company to be held on ..... and at any adjournment thereof.

This form is to be used in favour of/against the resolution.

Signed ..... day of .....

Signature of Member appointing proxy .....

**Declaration:**

These Articles of Association were approved and adopted by Rag Tag and Textile Ltd at a General Meeting held on 24<sup>th</sup> March 2026.

Designation: Chairperson

Signature:

Name:

Date:

Designation: Secretary

Signature:

Name:

Date: