

## Accompanying summary note regarding changes to Scottish Golf Limited's (the "Company") articles

| Colour | Categorisation  |
|--------|---|
| Green  | Most of the proposed changes to the articles are to remove historic references, fix typographical or grammatical errors, simplify the drafting of existing articles or processes under existing articles, incorporate UK company law or are required following separate tax advice. |
| Pink   | Most proposed article changes relate to the board, particularly in relation to the transition to a downsized Board from 2020 but allow for current structure to be maintained in the interim.   |
| Blue   | The proposed article change relates to matters concerning the CEO.  |

| Relevant Article No.              | Colour of relevant resolution | Comment   |
|-----------------------------------|-------------------------------|---|
| Definitions                       | Green                         | <p>The proposed changes remove unnecessary definitions and delete references to historic actions:</p> <ul style="list-style-type: none"> <li>the definition of "<b>Appointments Panel</b>" is no longer required and should be deleted as this panel was established after the amalgamation to appoint <u>only the first</u> President, Senior Vice President and Junior Vice President;</li> <li>the definition of "<b>the Effective Date</b>" can be deleted as is no longer used;</li> <li>the amendment to the definitions of "<b>Junior Vice President</b>", "<b>Nominations Panel</b>", "<b>President</b>" and "<b>Senior Vice President</b>" should be made as removes reference to historic actions.</li> </ul> <p>The following changes are also proposed:</p> <ul style="list-style-type: none"> <li>the definition of "<b>Merged Body</b>" is now required given certain "Areas" and "Counties" have merged (North and Northern Counties) – other golf unions already recognise "merged bodies" as members; and</li> <li>it is proposed that quorum for any meeting of the members is set at 10% of all members of the Company, calculated based on total membership of the organisation at the given time.</li> </ul> |
| 3                                 | Green                         | Following specific tax advice, the objects (purpose) of the Company need to be updated to ensure that the Company continues to receive the sporting services VAT exemption (i.e. it has to be made clear that the income and property of the Company is applied solely in promoting the objects of the Company (being promoting, administering and encouraging Scottish Amateur Golf) and that no dividend/profit shall be made to the members of the Company).   |
| 4                                 | Green                         | The proposed change is required given certain "Areas" and "Counties" have already merged.   |
| 6                                 | Green                         | The proposed changes are to fix typographical/grammatical errors contained in the existing articles.  |
| 9                                 | Green                         | The proposed change is to fix typographical/grammatical errors contained in the existing articles.  |
| 16(b)                             | Green                         | The proposed change reflects that the articles now include a definition of "Merged Body."   |
| 19                                | Green                         | It is proposed that members shall receive at least 45 days' notice of each AGM (the existing articles provide for 90 days' notice). It should be acknowledged that 45 days' notice is still in excess of any notice requirements prescribed by UK company law.  |
| 23-25                             | Green                         | The proposed changes are to simplify the drafting of the existing articles but the content remains the same.  |
| 28-32                             | Green                         | The proposed changes are to simplify the drafting of the existing articles but the content remains the same.  |
| (deletion of previous article 29) | Green                         | The content of previous article 29 is now contained in articles 28-32.  |
| 33                                | Green                         | This new article makes clear that at any adjourned meeting of the members, a quorum of the members still has to be present before any business can be transacted.   |

|                                   |  |   |
|-----------------------------------|--|---|
| 36                                |  | The proposed change is to reflect the use of the defined term and updates the cross-referencing.  |
| 39                                |  | The proposed change is to update the cross-referencing.   |
| 40                                |  | The proposed change reflects that the articles now include a definition of "Merged Body."   |
| 49                                |  | It is proposed that the minimum number of directors shall not be less than four nor more than ten. The existing articles prescribe that the minimum number of directors should be not less than three nor more than nine.<br>This change is proposed to accommodate the transition of the Board from current 9 Directors to 10 (if CEO becoming a Director is approved by the membership) but remains future proof, with current intent to reduce the size of the Board to 7 Directors by 2020. |
| 50                                |  | The proposed deletion removes reference to historic actions.  |
| 53 - 56                           |  | The proposed changes would permit the CEO to be a director of the Company (if elected in accordance with the standard director appointment provisions) and also that they may receive remuneration for providing services to the Company. The remuneration would be existing salary, with no additional payment as Company Director as the directors are all non-executive who are not paid other than general expenses.  |
| 55                                |  | It is proposed that not less than two directors will be of the female gender and not less than two directors will be of the male gender. The existing articles prescribe that not less than three directors will be of the female gender and not less than three directors will be of the male gender. This change is to reflect a smaller board by 2020  |
| 57(h)and (i)                      |  | The proposed change at (h) removes references to a historic action and (i) incorporates a provision of UK company law.  |
| 59                                |  | The proposed change is to update the cross-referencing.   |
| 64                                |  | The proposed changes are to update the cross referencing and remove at (g) and (i) references to historic actions. It aligns the Articles so that composition and purpose of all committee functions sit within the Regulations of the company.   |
| 65-67                             |  | The proposed changes are to update the cross-referencing.   |
| 69                                |  | The proposed change is to reflect that expenses of directors will only be paid if "reasonable."   |
| 74                                |  | It is proposed that quorum for any directors meeting should be increased from two directors to three directors.   |
| 75 and 78                         |  | The proposed changes are to fix typographical errors and remove reference to historic actions.  |
| 79 and 80                         |  | The proposed change would permit the President of the Company to be a director of the Company (if elected in accordance with the standard director appointment provisions).   |
| (deletion of previous article 75) |  | The proposed deletion is because the provisions are now dealt with in the Company's object provisions (at article 3).   |
| 83                                |  | The proposed changes would permit the Company to send notice to members electronically (i.e. via email) - <b>always</b> provided that each member has consented to being contacted in this way.   |
| 85                                |  | The proposed changes are to update the cross referencing.   |
| 87                                |  | The proposed change brings this article in line with UK company law (the existing articles go further than what is standard as states that the directors "shall" be indemnified).   |
| 88                                |  | The proposed change brings this article in line with UK company law (the existing articles go further than what is standard as also covers employees).  |