

SCOTTISH RUGBY UNION LIMITED

**MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY UNION LIMITED
HELD AT 11AM ON THURSDAY 26 MAY 2022**

MEETING HELD IN CENTENARY SUITE, BT MURRAYFIELD AND VIA ‘TEAMS’ VIDEOCONFERENCING

Present:

John Jeffrey	(JJ)	Chairman
Ian Barr	(IB)	President
Shona Bell	(SB)	Chief People and Engagement Officer
Mark Dodson	(MD)	Chief Executive (until Item 8.5)
David McMillan	(DM)	Independent Non-Executive Director
Bob Richmond	(BR)	Council Nominated Non-Executive Director
Colin Rigby	(CR)	Vice-President and Council Nominated Non-Executive Director
Hilary Spence	(HSp)	Chief Financial Officer (until Item 8.5)
Hazel Swankie	(HSw)	Council Nominated Non-Executive Director
Lesley Thomson	(LT)	Senior Independent Non-Executive Director (until Item 8.5)

In Attendance:

Robert Howat	(RH)	General Counsel & Company Secretary
[NAME REDACTED]	()	[](<i>Minute Taker</i>)
Gemma Fay	(GF)	Head of Women and Girls Strategy (Item 4 only)
Julian Momen	(JM)	Chief Commercial Officer (until Item 8.5)
Matt Horler	(MH)	Head of Communications and Media (Item 4 only)

Apologies:

Julia Bracewell	(JB)	Independent Non-Executive Director
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ACTION

1. INTRODUCTION

The Chairman noted that a quorum was present and opened the Meeting.

Apologies were noted from JB.

The Chairman explained that as there was a lot of business for the Board to get through, all papers would be taken as read.

2. MINUTES OF PREVIOUS MEETINGS

The Minutes from the Board’s Meeting of 31 March 2022 had previously been approved by the Board by separate resolution, electronically. These had since been published on the Scottish Rugby website.

3. ACTION LIST

3.1 *From Action List*

Discussion to take place with Board regarding investment opportunities at BTM (this item was carried forward) – this would be covered in part during the Finance section of the Meeting.

3.2 *From Company Secretary's Report*

Membership Roll to be updated – this had been completed.

4. FEMALE GAME STRATEGY

The Chief Executive provided an overview of the Female Game strategy. He referred to the circulated paper, which was taken as read.

It was noted that the female game was an extremely important piece of the Board's strategy.

There were several issues to consider:

- i) What Scottish Rugby needed to do as a Union;
- ii) What the public's perception of Scottish Rugby's female game was;
- iii) The difference between media profile and reporting in the male and female games; and
- iv) How Scottish Rugby executed its female game strategy.

GF was invited to provide an overview of the Female Game Strategy, which had been created following consideration of the Board's wider strategy, research into what other sports were doing, and where Scottish Rugby was as an organisation.

Input had been received from members of different departments across Scottish Rugby's wider business, club consultation, the Scotland Women's national team and Scottish Rugby's commercial partners.

It was felt that in order to fully execute the strategy, processes needed to be embedded within each part of the organisation. It was not simply a case of replicating what was happening in the male game, but about thinking about what was right for the female game and how small changes could be made to existing processes to make them more inclusive. Simply increasing funding would not in itself grow the female game, but rather a shift in mindset was also needed.

GF noted four main areas of focus:

- i) **Participation** – focussing on the work Scottish Rugby undertook with clubs. Any new investment in clubs should include bespoke investment to drive growth in the women's game. It was noted that participation in female rugby had risen post-pandemic which was not the same in a lot of other sports. However, investment in infrastructure had not kept up with this growth, so continued investment would be required in personnel and infrastructure.
- ii) **Pathways** – work was needed to bridge the gap between domestic club rugby and high performance. There was no academy structure in the women's game and there was no playing opportunity between domestic and national level.

There was a real desire to create opportunities for homegrown players to stay in Scotland, rather than go to England or further afield.

- iii) **Performance** – winning on the pitch didn't happen overnight and would take time to develop. A larger base of high calibre players was required, but would take time to grow. The performance pillar would be a key driver for the rest of the game, and it was hoped that the players would become role models for a new generation of girls in the sport.
- iv) **Contracts** – work would be done to define what 'professional' looked like in the female game. A consistent approach would be required, with a market value for being a contracted rugby player being decided, and a framework created for a semi-professional league.

GF noted that Scotland Women's team players would be the second highest paid players at the impending WRWC, relative to other teams. To date Scottish Rugby had been compensating players for the work they were missing in their regular, often professional, jobs. This needed to be reconsidered alongside a new remuneration scheme. Player expectations around a new funding model had been managed.

- v) **External communications** – There was work to be done in communicating what Scottish Rugby was doing. Educating the media and public was necessary, including by noting why different unions may take different approaches to the female game. There was a desire to create a 'brand' for the female game so that people knew what it meant to be a female rugby player in Scotland.

MH was invited to give a brief presentation to the Board on the communications aspect of the female game strategy.

It was noted that the media landscape for the female game was diverse and complex and there was still a lack of knowledge compared to the male game, particularly in relation to players and infrastructure. This presented an opportunity to improve that knowledge gap and increase exposure of the game.

Two separate communications plans were discussed, with the first plan being for the period up until the WRWC, and the second one being from 1 January 2023 to coincide with the start of the Female Game strategy.

A number of media events were discussed, each with the aim of providing information and growing the female game. A full launch of the Female Game Strategy was planned for 16th June.

GF was congratulated for producing a clear strategy document and for her presentation. GF and MH were thanked for their time and input and asked to consider all avenues to ensure that the strategy was launched with maximum impact, and that the momentum was continued.

Having considered the Female Game strategy proposals presented to them, the Board **APPROVED** the strategy documentation, noting that it reflected an overwhelmingly positive step forward for the female game.

GF and MH thanked the Board and left the Meeting.

5. PEOPLE

5.1 *People Matters*

The Chief People and Engagement Officer referred to the People Report, which was taken as read, with no questions posed.

Two points were highlighted:

- i) The Remuneration Committee had recently discussed an approach to annual pay awards and bonuses, which would be discussed later in the Meeting.
- ii) A planned Scottish Rugby safeguarding conference had been postponed due to lack of attendees. Given the importance of the conference, thought would be given to a timetable for rescheduling it and attracting more attendees.

5.2 *Safeguarding*

The Chief People and Engagement Officer referred to the Safeguarding Report, which was taken as read, with no questions posed.

5.3 *Health and Safety*

The Health and Safety Report was taken as read, with no questions posed.

[REDACTED - COMMERCIALY CONFIDENTIAL]

6. BUSINESS

6.1 *CEO Update*

The Chief Executive provided the following updates:

- i) 1872 Cup – The recent 1872 Cup match between Glasgow Warriors and Edinburgh Rugby had taken in [REDACTED – COMMERCIALY CONFIDENTIAL] in revenue, with high attendance figures. The Chief Executive emphasised difficulties both clubs had had towards the end of the year with major injuries affecting most teams in the URC. Glasgow Warriors had suffered a noticeable dip in form towards the end of the season, which had not been helped by the number of away games. There would be a renewed focus on fitness, and Scottish Rugby’s medical team would assist with this. Important signings would be unveiled which should strengthen the Glasgow pack for the next year. The Chief Executive and High Performance Director would be carrying out reviews of both professional teams and would report to the Board on this in due course.
- ii) EPCR – EPCR’s budget was being discussed. [REDACTED – CONFIDENTIALITY OBLIGATION – THIRD PARTY INFORMATION]
- iii) Global season – discussions in relation to the global season continued, [REDACTED -CONFIDENTIALITY OBLIGATION – THIRD PARTY INFORMATION]

- iv) USA RWC 2031 and 2033 –this would be good for the game and for Old Glory DC. The Chief Executive would carry out some analysis and would report to Board in future on how this might impact on Scottish Rugby’s investment in Old Glory.
- v) Budget process – The organisation had come out of the Covid pandemic stronger than it went in, with the strongest ever cash position and trading forecast to be around [REDACTED – COMMERCIALLY CONFIDENTIAL] or the next financial year. Scottish Rugby had tighter cost control mechanisms in place and more focused people with clear goals. No redundancies had been made during the pandemic. There were now, however, uncertainties around cost of living rises, and the Chief Financial Officer would provide more information about this later in the Meeting. Great credit was due to all of Scottish Rugby’s people for their hard work in the face of challenging circumstances.

6.2 *Commercial Report*

The Chief Commercial Officer referred to his Report, which was taken as read. Information was provided regarding changes within the Commercial Team, following some recent departures.

6.2.1 *National Team – Commercial Activity*

[REDACTED – COMMERCIALLY CONFIDENTIAL AND CONFIDENTIALITY OBLIGATION]

6.2.2 *Commercial Contract Approval*

Reference was made to the circulated Report and approval request.

[REDACTED – COMMERCIALLY CONFIDENTIAL AND CONFIDENTIALITY OBLIGATION]

Approval was sought from the Board that:

- i) the Company be and is authorised to enter into an agreement with [REDACTED – COMMERCIALLY CONFIDENTIAL & CONFIDENTIALITY OBLIGATION] on the basis outlined; and
- ii) authority be given (i) to the Chief Commercial Officer to negotiate and finalise the detailed terms of the transaction; and (ii) to any 2 Directors, or to any Director in the presence of a witness, or (iii) to any Director and the Company Secretary, to sign the agreement on behalf of the Company.

This was **APPROVED**.

6.3 *Finance and Stadium Operations*

6.3.1 *FY22/23 Budget*

The Chief Financial Officer referred to the circulated paper regarding the FY22/23 Budget.

It was explained that the business had emerged from the Covid-19 pandemic ahead of budget, with better -than-expected financial performance driven mostly through ticketing revenue.

The Chief Financial Officer talked the Board through a budget presentation which had been presented to the Audit and Risk Committee on 19 May and covered the following topics:

- i) Background – The organisation was now in the Rebuild stage of its Covid-19 planning, having managed to recover very well and looking to rebuild the organisation for the post-Covid environment. A distinction was drawn between the ‘base business’ which encompassed the day-to-day activities of Scottish Rugby and needed to generate a small surplus every financial year, and a separate strategic initiatives fund for strategic initiatives which had a demonstrable return on investment.
- ii) Post-Covid Environment – it was noted that no redundancies had been made during the pandemic, and costs had been well managed, with fans returning to BTM, the Dam Health Stadium and Scotstoun. Projected turnover was at a record level of around [REDACTED – COMMERCIALY CONFIDENTIAL]. However, there were sizeable inflationary pressures (including large increases on utility bills) on the base business and lots of ideas for strategic investment. The recent budget process had created overall spending requests totalling [REDACTED – COMMERCIALY CONFIDENTIAL], which could not be accommodated within the turnover projected and base business model approach suggested. A considered approach was required to establish a base business that was more robust in the face of inflationary pressures.
- iii) Professional teams – there was some discussion around the financial performance of each of the professional teams [REDACTED – COMMERCIALY CONFIDENTIAL].
- iv) Women’s game – [REDACTED – COMMERCIALY CONFIDENTIAL] of income had been generated by the women’s game in financial year 21/22. It was proposed that more money be invested to make events more engaging for fans, in order to increase attendances.
- v) Stadium infrastructure - Historic underinvestment in BTM needed to be resolved. Installation of a new CCTV system would be completed in time for the Autumn Nations Series and detailed plans would be taken to Board with proposals for overall repair and upgrade of the stadium.
- vi) Data, digital and IT – it was estimated that approximately [REDACTED - COMMERCIALY CONFIDENTIAL] of spend was required for this in due course. A digital audit was being carried out meantime and plans were being prepared for the purpose of expanding digital content creation.
- vii) Revolving credit facility – the costs associated with having the facility were noted, and the fact that facility was not being used. The RCF had been procured for a particular reason at the time but was no longer required. The Chief Financial Officer proposed that the facility be terminated, enabling some savings to be made.

Some discussion followed, noting that the RCF and the terms of it, including charges, were part of the Government-backed CLBILS scheme introduced during the pandemic. There was unlikely to be any flexibility in altering the terms. With the Company’s positive cash position, good financial performance in the

financial year and projected position for FY22/23, the CFO could not see that the facility would be needed, and any drawdown under it would need to be repaid by November 2023 anyway (the maturity date of the facility). Following discussion, the proposal was **APPROVED**, subject to the Chief Financial Officer checking and being satisfied with the cost involved in bringing the facility to an end early.

In light of the points highlighted and accompanying discussion, the Chief Financial Officer then referred to the proposal set out in her Budget Presentation.

Approval was sought from the Board for the following:

- i) Strategic investments be made from the funds held separately, on the following basis:
 - a. [REDACTED – COMMERCIALY CONFIDENTIAL] for the professional teams, using some of the monies received from Project Pentagon (and noting this was already part of a pre-approved investment in the teams); and
 - b. [REDACTED – COMMERCIALY CONFIDENTIAL] of funding towards the Female Game Strategy, from Project Light monies.
- ii) Approval of the Rugby Development and Club Rugby budgets.
- iii) Approval of the proposed cost-of- living pay awards.
- iv) That the remaining spend for the first 3 months of the 22/23 financial year be initially fixed at the same level as for the first 3 months of the prior year, and that the 3-month period be used to recast budget submissions to meet the aim of a small surplus in the base business, before returning to the Board with a budget proposition for the remaining 9 months.
- v) Business cases were built for any strategic projects, and if the business case was felt to merit funding, these would be taken to the Board for its approval.

And in each case, this was **APPROVED**.

6.4 *Communications, Media and External Affairs*

The Chief People and Engagement Officer referred to the circulated Report, which was taken as read.

The Chief People and Engagement Officer referred to the ESG Appendix to her report. The importance of ESG was emphasised, and it was noted that World Rugby had made some commitments in relation to the environmental impact of rugby. It was hoped that Scottish Rugby could work quickly to agree a statement of intent for its ambitions to improve its environmental impact, with a full plan to be created by the end of 2023.

It was proposed that the SWDI Committee should become the ESG Committee, which would encompass the existing remit of the Committee along with additional responsibilities around the environmental impact of the business.

Board approval was sought for the following:

- i) For Scottish Rugby to sign up to World Rugby's principles for ESG, with a more detailed plan to be created and shared with the Board in due course; and

- ii) That the terms of reference for the SWDI Committee be updated to reflect its new remit, with such updated terms to be provided to the Board for its final approval in due course.

In both instances these were **APPROVED**.

6.5 *Company Secretary's Report*

6.5.1 *Approvals*

The Company Secretary referred to his Report, which was taken as read. A number of approvals were sought.

- i) *Application for Associate Membership/Change of Team Name*
 - a) An Associate Membership application had been received from the Edinburgh Inclusive Rugby team. The club plays the 'unified rugby' form of the game, a format whereby able-bodied players play alongside players with learning disabilities. If approved, Edinburgh Inclusive would become an Associate Member in the Edinburgh Area.
 - b) Heriot's had requested that, with effect from Season 2022/23, the playing name of its male club teams (not including the Super6 XV) be changed from Heriot's Blues to Heriot's Blues Men (the club's women's team already play as Heriot's Blues Women).
 - c) Stirling County had requested that the playing name of their Super6 team be amended from the previously approved "County Wolves" to "Stirling Wolves".

APPROVAL SOUGHT: That the changes to the Membership Roll noted above be approved and the Membership Roll be adjusted accordingly. This was **APPROVED** in each instance by the Board, in exercise of the powers delegated to it as the Scottish Rugby Board, under the Scottish Rugby Union Bye-Laws.

- ii) *Disciplinary Rules*

The annual review of Scottish Rugby's Disciplinary Rules and Playing Code of Conduct had taken place. The changes being proposed were relatively limited and in the main reflected the changes made to World Rugby's disciplinary regulations. Minor wording adjustments had been made to allow for the possibility of the governance review proposals being implemented.

The draft Disciplinary Rules had been made available on the Scottish Rugby website for comment, in accordance with usual practice. During Stage 2 of the process input was specifically sought in relation to the potential use of World Rugby's age grade sanctioning process and sanctions table. No consultation input was received further to this request and hence the proposal had not been taken forward into Stage 3.

APPROVAL SOUGHT: That, in exercise of powers delegated to the Board under the Bye-Laws of Scottish Rugby Union, the Disciplinary Rules 2022/23 be approved on the basis proposed, with authority provided to the Company Secretary to make any minor changes required for the purpose of numbering, formatting and correcting

typographical or grammatical errors. This was **APPROVED** by the Board, in exercise of the powers delegated to it as the Scottish Rugby Board, under the Scottish Rugby Union Bye-Laws.

iii) *Artificial Rugby Turf Regulations*

Scottish Rugby's Domestic Regulations were reviewed at least every two years and SDR 22 (Artificial Rugby Turf) was due for review. The Regulation had been reviewed and no substantive changes were being proposed, though – as a result of comments received during the consultation process – additional clarity had been provided in a number of areas.

The final draft had been made available on the Scottish Rugby website for comment in accordance with usual practice. The proposed effective date for the revised Regulation was 1 June 2022.

APPROVAL SOUGHT: That, in exercise of powers delegated to the Board under the Bye-Laws of Scottish Rugby Union, SDR 22 Artificial Rugby Turf be amended on the basis proposed, with authority provided to the Company Secretary to make any minor changes required for the purpose of numbering, formatting and correcting typographical or grammatical errors. This was **APPROVED** by the Board, in exercise of the powers delegated to it as the Scottish Rugby Board, under the Scottish Rugby Union Bye-Laws.

iv) *National Competition Rules and Schools & Youth National Competition Rules*

The annual review process in relation to the NCRs and the S&Y NCRs was underway (via the Consultation section of the Scottish Rugby website). The process so far avoided aspects of the current competition structures (pending the outcome of the separate consultations in this area). In due course any proposals emerging from the competition structure discussions would require to be reflected within the competition rules for next season, particularly in connection with a process for promotion and relegation if there was to be a change to format for 23/24, and final versions of the NCRs and S&Y NCRs approved which allowed for that.

APPROVAL SOUGHT: That, in exercise of powers delegated to the Board under the Bye-Laws of Scottish Rugby Union, and as permitted by the Company's Articles of Association, delegated authority be provided to a sub-committee of the Board comprising the President or Vice-President, the Chief Executive (whom failing one of the other executive directors) and one other non-executive director to approve (on behalf of the Board) the 2022/23 National Competition Rules and the Schools & Youth National Competition Rules. This was **APPROVED**.

v) *Championship Appeals Committee*

It was proposed that Sheriff David Mackie, who was first appointed as Chair of the Appeals Committee for the 2019/20 Season, be re-appointed as the Championship Appeals Panel Chair. In order to provide continuity, and taking account of the very limited business undertaken in the last 2 seasons, it was proposed to leave the remainder of the Championship Appeal Committee members in post for 2022/23.

A question was asked regarding the gender composition of Scottish Rugby's discipline panel. It was noted that approximately one third of panel members were

female. This had increased over time, although it was acknowledged that there was still some way to go to obtain an even gender balance.

The Company Secretary would circulate a more detailed breakdown. There was no restriction on the total number of panel members, however in practice the number identified in the papers was about the right level - larger numbers of panel members then reduced the opportunities for each member to gain meaningful experience during the season. Noting the importance of building inclusion into all of the organisation's processes, it was requested that consideration was given to how a greater gender balance could be achieved more quickly

APPROVAL SOUGHT: That, in the exercise of powers delegated to the Board under the Bye-Laws of Scottish Rugby Union, the membership of the above bodies, as set out in Appendix 1 of the Report, be approved. This was **APPROVED**.

6.5.2 SGM 1 and AGM – meeting method

The Company Secretary referred to the upcoming SGM on 6 June, and his circulated report. As a result of the Bye-Law change made in 2021, the decision on the method for hosting SGM1 and the forthcoming AGM was to be made by the Council, after consultation with the Board. The Report set out various options, and the pros and cons of each of those.

APPROVAL SOUGHT: that the Board make a recommendation to the Council that the SGM on 6 June and the AGM on 13 August be held in a hybrid format to allow as many people as possible to attend the Meeting either in person or virtually. Following discussion, this was **APPROVED**.

6.5.3 AGM – Potential Splitting of Business

It had been noted for a number of years that the timescale for conducting the annual audit, producing annual accounts, approval and laying before members was very tight, with many other businesses being afforded several months more to produce their financial statements. The Chief Financial Officer had requested that more time be made available to complete the audit process this year.

The rationale for the request stemmed from a number of factors, including that technical aspects of accounting and reporting had become more complicated, following on from the investment transactions. New auditors had been appointed and were quickly getting up to speed but still familiarising themselves with the business, and there was a longstanding objective to be more transparent and present information to members in a far clearer way than previously.

The Audit and Risk Committee had discussed this issue and were making a recommendation to the Board that there be a split AGM, with most business being dealt with at the August meeting and a set of summary unaudited financial statements being presented at that time, adjourning and then the full, audited accounts being presented to the membership at a resumed date, perhaps in September. There was no option to simply delay the August AGM entirely; holding a meeting in August was written into Scottish Rugby Union's Bye-Laws and there would be disruption caused to key processes such as any non-routine motions, the Vice-President election and the appointment of the new President.

The Company Secretary highlighted however that the proposed splitting of the AGM could impact on the future effective date of implementation of SCOG's governance proposals, if

those proposals were approved at the SGM on 6 June, and the detailed documentation was then approved later in the year.

It was noted that the consolidated annual accounts for Scottish Rugby Union should be approved and signed by the Board prior to the governance proposals taking effect (if that was approved by the members), and therefore prior to the dissolution of the Scottish Rugby Union entity. This would also provide the company limited by guarantee with a clear and comprehensive set of accounts for the organisation it was inheriting responsibility for.

It was explained that the governance proposals, if approved, provided for the dissolution of the Union. Consequently, because the Union would then cease to exist, as matters stood the delegated powers to the current Directors under the Bye-Laws to sign off on the consolidated Union accounts in their capacity as the Scottish Rugby Board, would also then cease. Three options in connection with the governance proposal timing were highlighted:

- i) The second planned SGM, which was scheduled to take place immediately after the AGM on 13 August, could be pushed back until such time as the annual accounts were ready to be signed;
- ii) The second SGM could go ahead as planned on 13 August, with the effective date of the governance proposals set for a date shortly after the annual accounts would be ready to be signed;
- iii) The existing timetable was followed, with the risk that the annual accounts would lack the clarity and transparency that was being sought.

It was noted that because the Board was responsible for approval and signature of the annual accounts of SRU and SRUL under respectively, delegated powers and the directors in their own right as statutory directors of the Company, it was ultimately the Board's decision as to how it proceeded in relation to the accounts themselves. The Board needed to be satisfied with the contents of the accounts before approving them and laying them before the members.

However, out of courtesy and for planning purposes it was important to consider the impact the proposal would have on all stakeholders, including SCOG. The timing of the second SGM was a matter for SCOG and the Council.

There was a period of detailed discussion regarding the Audit and Risk Committee's recommendation, with points being noted on the advantages and disadvantages of the proposal.

Concerns regarding the rationale for a delay in laying the annual accounts in front of the membership, and how this would be perceived by stakeholders, were balanced against the benefits of producing clear, full and transparent accounts which provided both the membership and future CLG custodians with as much information as possible about the financial health of the organisation and ensuring that the legal responsibilities of the directors were met.

The Chief Financial Officer noted that she felt that having a resumed AGM at the end of September, solely for the purposes of laying the accounts before the membership, would be a reasonable position and timeline. At the AGM in August, a lot of information would still be able to be provided in the summary statements, much as had been done in 2020, but

there would be clear benefits in taking some extra time to produce the full technical information.

There was further discussion on the point, with it being agreed that the President would discuss the proposals with SCOG and explain the rationale. The Chief Financial Officer would also discuss potential timelines with the auditors with a view to producing a workable timetable, laying out the steps needed, before the Board came to a final conclusion. SCOG could then come to a view on a suitable effective date for the governance proposals. **IB**
HSp

6.5.4 *Other matters*

Council Member elections – the Company Secretary noted forthcoming changes to Council membership, following recent election processes. Outcomes were awaited for the Glasgow North and Referees' Representatives, and an election process was underway for the Women and Girls Representative.

An AGM motion was expected from Council in connection with season structuring. No other motions had been received yet.

2 nominations had been received so far for the Vice-President election. The deadline for motions and nominations was 31 May.

7. RUGBY

7.1 *Rugby Development*

The Rugby Development Report was taken as read, with no questions posed.

7.2 *Performance Rugby*

The Performance Rugby Report was taken as read, with no questions posed.

8. STAKEHOLDERS

8.1 *Governance/SCOG Update/ Council*

The President noted that the Council had met on Monday 23rd to discuss season structure proposals, and a motion would be submitted by the Council to allow clubs to debate and vote on these at the AGM.

Referring to the upcoming SGM on 6 June to consider the governance proposals, the President confirmed that a motion on behalf of the Council had been circulated to all members, and no amendments had been proposed. The SGM would be likely to be held in a hybrid format – subject to Council approval - to allow everyone the chance to participate, if desired.

Positive progress had been made with SCOG, its Chair and external solicitors in order to progress the governance proposals. Discussions had taken place in relation to the appointment process for CLG custodians – both elected and selected. Inclusion and diversity would be a key focus during that process.

The Chairman noted that Board members had legal duties as directors and with that in mind it was considered prudent to seek external legal advice on some of the technical aspects of

the governance proposals and how the new framework would operate within company law. The Company Secretary was asked to identify an external law firm to assist with that, and to work with the Chief Financial Officer to frame questions to be posed. **RH, HSp**

8.2 *SWDI Committee – 26 April 2022*

LT, as Chair of the Committee, noted that all updates had been provided by the Chief People and Engagement Officer earlier in the Meeting.

8.3 *Remuneration Committee – 12 May 2022*

Three points were highlighted from the recent Committee meeting:

- i) A salary range for a new Director of Stadium & Estates role had been approved in principle, in advance of recruitment.
- ii) Various options had been discussed in relation to ongoing consideration of reward frameworks and the reinstatement of some form of employee bonus scheme for the coming financial year. The principle of having a scheme had previously been accepted by the Committee but further work was needed, taking account of the input provided by the Committee, before final proposals were brought forward. The Chief People and Engagement Officer would liaise with various stakeholders throughout the business, ahead of the next Committee meeting in July. Final proposals would also be circulated to the Board in due course.
- (iii) Taking into account high and increasing rates of inflation, the Committee had considered what approach to take in relation to an annual cost-of-living award for regular employees. The last cost-of-living award had been in the summer of 2019, pre-pandemic. After having discussed the issue in detail, the Committee was recommending that regular employees receive a 3.5% basic salary increase, and a one-off payment of 3.5% of salary, as part of a cost-of-living package. It was stressed that the one-off payment was part of the approach to cost-of-living pressures and not a form of bonus payment. This was **APPROVED** by the Board. The Company Secretary highlighted that in accordance with Company policy, the 3.5% base salary adjustment would also apply automatically to Non-Executive Director fees.

8.4 *Audit and Risk Committee – 19 May 2022*

The main business of the meeting had been considering the regular Finance Report and audit plan.

The Chief Financial Officer had taken the Committee through projections for the year end and questions around the accounting treatment to be applied to various projects.

In addition to the proposal about splitting the AGM business, the Committee had also given thought to Scottish Rugby's transparency initiative. It was intended that further information would be disclosed in the annual accounts in connection with club payments and Council expenses.

There had been some discussion about the Committee's Terms of Reference, and it had been agreed that these should remain in their current form meantime, until the governance proposals were decided upon, and further information was known about the future role of the Committee.

8.5 *Nominations Committee – 26 May 2022*

The Chairman confirmed, as Chair of the Nominations Committee, that the Committee had met earlier that morning to discuss a number of items.

As a result of the need to fill a new vacancy created on the operating board of the United Rugby Championship tournament due to the involvement of South African teams, the Committee recommended that the Company Secretary fill that position meantime. Otherwise, there was no change to the Company's representatives on the main Celtic Rugby DAC Board, or the other URC operating board seat. This recommendation was **RATIFIED** by the Board.

Succession Planning

The Chief Executive, Chief Financial Officer and Chief Commercial Officer recused themselves from the Meeting while the Board had a discussion regarding Executive succession planning.

The Chair explained that the Committee had, for some time, been monitoring questions around succession planning, the scheduled expiry of non-executive director terms of office and the potential impact of governance review proposals.

A significant change in personnel was due – the terms of office of three of the independent non-executive directors were scheduled to end in the coming 12 months, there would be major change in Council membership at the August AGM due to 7 Council members retiring, and the governance proposals, if implemented would also result in changes to the Board and Board Committees. The current President and Vice-President would have to step off the Board to take up posts at the new CLG. There was accordingly a significant risk to the organisation of a loss of knowledge and expertise, particularly in oversight functions, at a time of substantial and impending change.

In addition, the contracts for the Chief Executive and [REDACTED – DATA PROTECTION - PERSONAL DATA] were due to expire at the end of 2023, following the Rugby World Cup.

The Committee had discussed the situation in some detail and taking account of all the prevailing circumstances, recommended unanimously that the Chief Executive be approached with an invitation to extend his contract for up to a further 18 months, until summer 2025, to help the business move through the transition period.

This was **APPROVED**. It was agreed that the Chairman would meet with the Chief Executive to discuss the invitation, and any terms and conditions to be applied. Remuneration elements would be subject to the approval of the Remuneration Committee.

[REDACTED – DATA PROTECTION – PERSONAL DATA]

It was noted that external recruitment firms would be engaged to assist the Council / CLG with populating vacant positions on the CLG, and the Board in relation to SRUL, at the appropriate time.

9. **AOB**

FOR PUBLICATION

The hard work and contribution from colleagues across the business was noted during what had been a very busy time.

With no further business being raised, the Chairman thanked everyone for their input and closed the Meeting. The next meeting would be in July.

APPROVED BY THE BOARD

27 June 2022