

FOR PUBLICATION - REDACTED VERSION

SCOTTISH RUGBY UNION LIMITED

MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY UNION LIMITED
HELD AT 11AM ON THURSDAY 3 DECEMBER 2020

MEETING HELD BY AV TELECONFERENCE

Present:

John Jeffrey	(JJ)	Chairman <i>(Except Item 4.1)</i>
Ian Barr	(IB)	President
Julia Bracewell	(JB)	Independent Non-Executive Director
Mark Dodson	(MD)	Chief Executive
William Gardner	(WG)	Council Nominated Non-Executive Director
Robert Howat	(RH)	General Counsel & Company Secretary <i>(Except part of Item 4.2)</i>
Dominic McKay	(DMcK)	Chief Operating Officer
David McMillan	(DMcM)	Independent Non-Executive Director (Items 1 - 5.3)
Malcolm Offord	(MO)	Council Nominated Non-Executive Director
Bob Richmond	(BR)	Council Nominated Non-Executive Director
Lesley Thomson	(LT)	Senior Independent Non-Executive Director

In Attendance:

[INDIVIDUAL NAME REDACTED]		[NAME OF FIRM REDACTED]
Simon Mackintosh	(SM)	Consultant, Turcan Connell
Shona Bell	(S Bell)	Director of HR <i>(Except part of Item 4.2)</i>
Colin Rigby	(CR)	Vice-President <i>(Observer) (Items 1-5.3)</i>
[INDIVIDUAL NAME REDACTED]		[NAME OF FIRM – REDACTED] – <i>(Item 5.1 only)</i>

Apologies:

Andrew Healy	(AH)	Finance Director
--------------	------	------------------

1. Introduction & Opening Remarks**ACTION**

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

Apologies were noted on behalf of Andrew Healy.

Simon Mackintosh and [NAME OF INDIVIDUAL – REDACTED] were welcomed to the Meeting.

FOR PUBLICATION - REDACTED VERSION

The Chairman advised that a separate Agenda Item relating to Chair succession planning had been included rather than being addressed under the Nominations Committee report.

Due to the volume of business, the Meeting was likely to run for longer than scheduled. DMcM and the Vice-President advised that they would each require to leave the Meeting at 2.00pm.

The Chairman drew Directors' attention to recent media speculation in advance of the Meeting relating to succession planning. The content of the article may have been inaccurate in a number of respects.

2. Minutes of Previous Board Meeting (17 November 2020)

The Minutes of the Meeting of 17 November 2020 were **APPROVED**.

3. Action List & Matters Arising

All of the identified actions had been completed, with diaries being checked before confirming dates for the strategy meeting which would take place in the New Year.

4. People Matters

4.1 Succession Planning – Appointment of Board Chair

The Chairman recused himself and left the Meeting.

The Senior Independent Director chaired this section of the Meeting.

The Senior Independent Director reported that the Nominations Committee had met on 4 November for the purpose of discussing the chairmanship. The meeting had been pre-scheduled in order to review the succession-planning process, following on from the interim Chairman's appointment in May.

The Senior Independent Director reminded Directors of the background and process in relation to the election of the Chair of the Board.

Under reference to the Company's Articles of Association, it was explained that the appointment of independent non-executive Directors to the Board was a Board decision, after recommendation from the Nominations Committee. The Chair of the Board, whether as an internal or external candidate, was then elected by the Board from among the non-executive directors. Executive directors were not eligible.

The Nominations Committee itself was evenly balanced, with two Independent Non-Executive Directors and two Council Non-Executive Directors. In this instance the Chairman had recused himself due to the subject matter of the meeting and consequently the Committee had consisted of the Senior Independent Director, the President and Mr Richmond.

The procedure being followed was consistent with the Company's Articles of Association which themselves were based on underlying recommendations from the Dunlop Report.

FOR PUBLICATION - REDACTED VERSION

The Committee had considered whether the permanent position should be advertised externally. Advice had been taken from external recruitment consultants indicating that a period of around 6 months to identify and recruit an external candidate may be required. The organisation was also in the process of a Governance Review and the advice of the external consultants had been that it would be difficult to find a suitable candidate until the outcome of that review was known.

The Committee had also taken into account the importance of stability and continuity at a time when the organisation continued to deal with the continuing challenges and uncertainties presented by Coronavirus. In these circumstances, the Committee members had decided unanimously to recommend not to conduct an external process on this occasion, and had been fully satisfied that procedures were being respected.

At the time of the interim Chairman's appointment in May 2020 there had been no other internal candidates. That remained the case, the Senior Independent Director having spoken with all of the other Non-Executives.

The Committee had then considered whether John Jeffrey had the necessary skillset and attributes to be appointed as Chair on a permanent basis.

At the Committee meeting on 4 November the Chief Executive had commented on the external perception of the interim Chairman among other governing bodies and Unions and was invited to do so for the Board.

The Chief Executive then commented, highlighting that the prospective Chair was well respected within the game, believed strongly in collective responsibility, provided leadership, and was ready and willing to constructively challenge the executive.

The Senior Independent Director confirmed that the Nominations Committee had considered that continuity, stability and leadership were required at the moment. It was clear from his performance to date that the interim Chair was willing to challenge the executive and the Committee considered that he possessed the appropriate skills and attributes to be appointed Chair.

Accordingly, the unanimous recommendation of the Nominations Committee was that John Jeffrey's appointment as a Non-Executive Director be extended, and that he be elected as Chairman of the Board on a permanent basis.

The Committee had discussed whether a period of two years or three years from initial appointment was appropriate, noting that a three year term was the norm.

The potential appointment of the interim Chair on a permanent basis and the length of term were then discussed in detail.

Key factors influencing the length of term included the future potential recruitment process of around 6 months (which would mean revisiting the process again within a year if a 2 year term from initial appointment was applied), the usual length of term, and the likely need for an implementation and transition period following upon the output from the Governance Review, which was due to be brought to the 2021 AGM. There was also a recognition that the scope of the role of the Chair might also change depending upon the output of that review.

FOR PUBLICATION - REDACTED VERSION

Questions in connection with independence and potential conflicts of interest had been considered in depth at the time of the interim Chairman's initial appointment. He had retired from Council as an *ex-officio* member (and as an *ex officio* member previously he had not had a vote on Council business) and did not serve on the Investment Committee (which would consider the question of private equity investment in Six Nations) and had recused himself from any discussions in connection with his appointment. World Rugby and Six Nations roles were not considered to jeopardise his independence at Scottish Rugby Board level.

Following detailed discussion, and taking account of the recommendations of the Nominations Committee, the Board concluded unanimously John Jeffrey's appointment as a Non-Executive Director should be extended to 26 May 2023 and that he be elected as Chair of the Scottish Rugby Board for that period.

John Jeffrey re-joined the Meeting.

The Senior Independent Director advised JJ of the outcome of the Board's decision and invited him to accept the extension of his appointment as a non-executive director, and election as Chair of the Board for a period of 3 years from his initial appointment.

JJ expressed his appreciation for the invitation and support and confirmed his acceptance.

The Board then discussed the potential content of external and internal media releases, with the Chief Operating Officer requested to provide an updated draft for the Chief Executive, Chairman and President to review and approve. Council members and employees were to be advised shortly in advance of public release.

DMcK

4.2 *People Report*

The circulated report was taken as read.

The Company Secretary and Human Resources Director left the Meeting.

The Chief Executive updated the Board on various changes being proposed in the executive leadership teams and which had been discussed with the Nominations Committee and the individuals concerned. The Company Secretary and General Counsel would retire from the Board as an Executive Director but continue with his regular role as Company Secretary and General Counsel, supporting the Council, Board and Executive. It was proposed that the HR Director join the Board as an Executive Director.

Those proposals were **APPROVED**. Shona Bell was to be appointed to the Board as Director of Human Resources and Internal Communications with effect from 1 January 2021, with the Company Secretary retiring from the Board on 31 December 2020.

The Company Secretary and HR Director re-joined the Meeting.

The HR Director was congratulated on her forthcoming appointment and the Company Secretary thanked for his contribution to the Board.

The HR Director then referred to the circulated reports including on Safeguarding, highlighting the following:-

FOR PUBLICATION - REDACTED VERSION

- The Coronavirus Job Retention Scheme would run until the end of March 2021 with further claims likely to be submitted over the coming months under the scheme.
- The recent Inclusion and Diversity Workshop with the Board had been very well received. Arrangements were being made for a similar workshop to be conducted for members of Council.
- The Non-Executive Director Development programme was due to recommence in January 2021 and potential dates would be identified with Non-Executive Directors separately.

4.3 *Health & Safety*

The Chief Operating Officer referred to the circulated report, which was taken as read.

The “bubble” environment continued to be maintained, with coaches adhering to necessary guidance. There was a continuing need for vigilance and respect for protocols in order to minimise the risk of potential disruption to operations and playing activities.

5. **Business**

5.1 *CEO Update*

The Chief Executive referred to the circulated papers.

6 Nations

The Chief Executive updated the Board on the continuing negotiations around potential CVC investment in Six Nations. A number of outstanding issues were being examined with assistance from external professional advisers. Documentation would continue to be advanced through December and into January 2021.

Pro 14 Update

The Chief Executive referred to the circulated paper, which had been prepared with the assistance of external advisers to assist the Board in considering the proposals for potential expansion of the Pro12 tournament to include South African Teams and the negotiations which were taking place.

[NAME OF INDIVIDUAL AND FIRM REDACTED] was welcomed to the Meeting.

The Board were then provided with a detailed presentation, under reference to the circulated paper, covering the following key areas:-

[SECTION REDACTED – COMMERCIALY SENSITIVE/ CONFIDENTIAL]

5.2 *Finance Update*

The circulated papers were taken as read.

FOR PUBLICATION - REDACTED VERSION

Draft accounts were now complete, with a pre-closing meeting having taken place with PwC (Auditors) with no issues raised. The draft accounts provided an unqualified audit opinion and, subject to the new Revolving Credit Facility being put in place, would not contain any material uncertainty statement.

Management accounts would be circulated later and would include a reforecast to be presented to the Board, ahead of reviewing status on the Option 3 budget position.

It was confirmed that the new bank facility documentation was being progressed. A Board Meeting had been scheduled for 10 December 2020 for the purpose of approval of accounts, with the Audit & Risk Committee scheduled to meet the preceding day.

The Senior Independent Director, as Chair of the Audit Committee confirmed that documentation had been received and there was sufficient time for this to be examined by the Committee. The Finance Team were thanked for their efforts in bringing the final documentation together.

The position on potential Government support was addressed under the Chief Operating Officer's report.

5.3 *Chief Operating Officer's Report*

The Chief Operating Officer updated the Board on continuing discussions with the Scottish Government on potential funding for the Sports Sector in Scotland. Those discussions continued to be undertaken on a private and confidential basis.

The Department of Culture , Media & Sport in England had recently announced additional support for sport in England, including sums made available to rugby.

The Chief Operating Officer then commented in further detail on the conversations with Government.

[SECTION REDACTED – COMMERCIALLY CONFIDENTIAL]

The Chief Operating Officer confirmed that final elements of seating for the new Edinburgh stadium had now been signed off, with the principal contractors now finishing minor remaining works.

Tickets had now gone on sale for Autumn Tests for 2021 against South Africa, Australia and a third team. Figures were then provided for sales to date.

Match arrangements were being organised centrally by Six Nations.

Directors were advised that the Ticket Office would be happy to assist with any queries. from Council members or clubs in connection with ticket membership schemes.

Commercial Contracts Update

The Chief Operating Officer referred to the paper circulated in advance of the Meeting.

Directors were reminded of the commercially confidential nature of the underlying negotiations.

[SECTION REDACTED – COMMERCIALY CONFIDENTIAL]

D McM and CR left the Meeting at 2.00pm due to prior engagements.

5.4 *Company Secretary's Report*

The Company Secretary referred to the circulated paper, which was taken as read.

The results of the voting and outcomes from Stage 2 of the AGM and the SGM were noted.

The Company Secretary advised that as a result of the Hawks motion being passed, various draft minutes from Board, Council and general meetings would now require to be published, within certain timescales. The motion had recognised that redaction from minutes may be appropriate in certain circumstances. These included matters which were commercially sensitive or redactions which may be required for legal reasons.

Mr Mackintosh addressed the Meeting, providing advice on some categories of information which may be appropriate for redaction.

The Directors discussed the position and potential approaches which may be adopted in future recognising that various organisations minuted meetings in different ways. There was a need to respect the will of the membership and to provide information in an open and transparent fashion, but also to protect commercially confidential information and other information which for legal reasons could not be publicly disclosed.

It was agreed that additional external advice would be obtained in order to assist the Board (and Council) in applying appropriate guiding principles. It was noted that the Council's Governance Working Group may also consider the topic as part of its continuing review.

The Company Secretary was requested to make arrangements for separate external advice to be obtained.

RH

Due to the suspension of the Decision Levels document in its entirety, and which contained some internal financial controls, in order to ensure these financial controls were not inadvertently disappplied, the Board **REAFFIRMED**:

- (i) the previous spending/invoice authorisation levels and categorisation of bank account signatories;
- (ii) the level at which commercial contracts required Board approval before being progressed (no change from previous level); and
- (iii) the level at which any capital expenditure required Board approval before being progressed (no change from previous level).

Timetabling for AGM Stage 3

FOR PUBLICATION - REDACTED VERSION

The Company Secretary updated the Board on the procedural steps which would be required for the hosting of AGM stage 3, dependent upon the final approval of the audited Financial Statements.

The content of the unaudited financial information to be released to members was noted.

European Professional Club Rugby

Reference was made to the circulated papers outlining progress on the continuing governance review discussions within EPCR, with the Board content in principle with the proposals outlined.

6. Rugby

6.1 Rugby Development

The circulated paper providing an update on player welfare, Covid incidence in clubs, safeguarding and planning for resumption of club activity was noted and taken as read, with no questions posed.

6.2 High-Performance Rugby

The contents of the circulated paper commenting on recent meetings with Rugby Players' Scotland, recent National Team squad camp activity, player release, Pro team performance, player welfare and medical, fixture cancellation, 7s, the Women's National team, the SQ Programme, Fosroc Academies, Super 6 and player contracting were noted and taken as read.

The Chief Executive confirmed that the competitiveness of the Pro teams had been affected by the additional pressures on their squad numbers arising from the need to maintain the Coronavirus "biobubble" environment to protect the National Team squad during the recent Autumn Nations cup series and restricting player release back to the Pro teams, as well as a number of player injuries having been sustained.

A question specific to one player was raised and answered.

7. Stakeholder

7.1 Matters from Council / Council Meetings

The President updated the Board on the outcomes from recent Council Meetings including the activity undertaken since the recent recommendation on closing the 2020/21 competitive season. Forum meetings had also been conducted pre AGM with the Council having clarified its position prior to and at AGM stage 2 in connection with the club motions submitted.

The Governance Review Group had now met four times and had requested-

- (i) copies of historic paperwork including external legal advice previously commissioned; and

FOR PUBLICATION - REDACTED VERSION

- (ii) funding for external legal advice in connection with the Scottish Rugby Union Trust.

It was confirmed that the additional documentation requested would be made available, recognising that it contained privileged legal advice which was thought to be helpful in assisting the group with its work and as an exception to the usual principle of legal advice not being disclosed but subject to it remaining confidential and a precedent not being established.

RH

Financial support would be made available to assist the Group in obtaining external legal advice – this would be managed with the assistance of the Council Secretary.

7.2 Safeguarding, Wellbeing, Inclusion & Diversity Committee

The Senior Independent Director confirmed that the Committee had met recently, with the bulk of the meeting discussing mental wellbeing issues. The minutes from the Committee meeting would be circulated in due course.

7.3 Nominations Committee Meeting

It was confirmed that the most recent business of the Committee (recommendation on appointment of Chairman) and changes to Executive Directors had been dealt with earlier in the Meeting.

7.4 Remuneration Committee Meeting

17 November 2020 – the Chair of the Committee would provide a separate update at the next Board meeting.

8. AOB

The President would follow up with the Vice-President in connection with a question submitted for Stage 2 of the AGM but which had missed the applicable deadline.

The Meeting closed at 14:55 hours.

Next Meeting: 10 December 2020.

**APPROVED BY THE BOARD
3 JANUARY 2021**