



**SCOTTISH RUGBY UNION LIMITED**

**TERMS OF REFERENCE  
OF THE  
INVESTMENT COMMITTEE  
OF  
THE BOARD OF DIRECTORS**

**APPROVED BY THE BOARD ON: 19 DECEMBER 2018 AND AS AMENDED, ON 3 SEPTEMBER 2020**

**INVESTMENT COMMITTEE**

## TERMS OF REFERENCE

### 1. Constitution

The Board of Directors (the “**Board**”) of Scottish Rugby Union Limited (Registered Number SC132061) ( the “**Company**”) has resolved to establish a Committee of the Board to be known as the Investment Committee (the “**Committee**”) under and as permitted by the Company’s Articles of Association.

In addition to its powers and responsibilities under the Companies Acts, common law and under the Articles of Association, the Company and the Board also exercise certain powers delegated by Scottish Rugby Union under the Scottish Rugby Union Bye-Laws, which in turn may be delegated by the Board to the Committee under the Articles.

These Terms of Reference shall extend to the Company and to any wholly or majority-owned subsidiaries of the Company which together constitute a group of companies for the purposes of accounting or legal reporting (the “**Group**”) as well as to the exercise of powers provided for or delegated to the Board under the Scottish Rugby Union Bye-Laws.

### 2. Membership

- 2.1 The Committee shall be appointed from among the non-executive and executive Directors of the Company subject to the following:
  - 2.1.1 the majority of the Committee shall be non-executive Directors;
  - 2.1.2 at least one of the Non-Executive Director members shall be a non-executive Director who was nominated to the Board by the Scottish Rugby Council and at least one shall be an independent non-executive Director; and
  - 2.1.3 the non-executive Director members shall be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.
- 2.2 The Committee shall consist of at least three members.
- 2.3 A quorum shall be two members of whom one shall be a Council-nominated non-executive director and the other an independent non-executive director.
- 2.4 The Chair of the Committee shall be appointed by the Board. If by 15 minutes after the scheduled time of commencement of a Meeting the Chair is not present, another member of the Committee may act as Chair temporarily, until the arrival of the Chair, provided that the Meeting is otherwise quorate.
- 2.5 The membership of the Committee shall be notified to the Scottish Rugby Union Council from time to time.

### **3. Attendance and Business at Meetings**

- 3.1 The Chief Executive ( if her or she is not a member of the Committee), the Financial Director and General Counsel & Company Secretary shall normally be invited to attend all or part of the Committee's Meetings.
- 3.2 The General Counsel & Company Secretary, or with the consent of the Chair of the Committee, a member of staff delegated by the General Counsel & Company Secretary, will attend and act as Secretary to the Committee.
- 3.3 The Company Chairman, other Board members and external advisers may be invited by the Chair or the Committee to attend all or part of any Meeting of the Committee.
- 3.4 Meetings may be held in person or by telephone, videoconference or email and shall be confidential.
- 3.5 Committee members shall disclose any actual or potential conflict of interest at the beginning of a Meeting or immediately on it arising, to then be dealt with by the Committee as provided for in the Company's Articles of Association. The Committee member involved may require to be recused and/ or play no part in the business of the Meeting to which the conflict relates
- 3.6 Any resolution or decision of the Committee in writing (including by e-mail) signed, or in the case of e-mail providing assent, by a majority of the members of the Committee shall be as effective as a resolution passed or a decision made at a Meeting of the Committee duly convened and held, and may consist of several documents in like form, each signed or in the case of email, providing assent, by one or more of the members of the Committee.
- 3.7 Questions arising at a Meeting shall be decided by a majority of votes. In the case of an equality of votes the Chair of the Committee shall have a casting vote.
- 3.8 If the Chair elects not to use his or her casting vote, the question shall be referred to the Board for determination.

### **4. Frequency of Meetings**

Meetings will be held regularly as required and in any event at least three times a year. Meetings may be called by the Committee Chair or by the General Counsel & Company Secretary.

### **5. Duties and Responsibilities**

The duties and responsibilities of the Committee shall be:

- 5.1 to work with the executive team in formulating the Company's approach to the potential for third party investment into various aspects of professional and high performance rugby in which the Company or Scottish Rugby Union has an interest (including investment into the Company or Scottish Rugby Union themselves);
- 5.2 to consider the terms and implications for the Company's operations, structure, employees and stakeholder relationships of any proposal submitted or made available to the Company in respect of

## INVESTMENT COMMITTEE TERMS OF REFERENCE

- 5.2.1 the acquisition by any third party of any of the Company's interests in external rugby organisations, or where the proposed investment by a third party in such organisations alters the Company's own interest, membership or shareholder rights or influence;
- 5.2.2 the acquisition by a third party of an interest in the Company, any of its subsidiaries, operations, or revenue streams or of any of the professional teams owned or operated by the Company;
- 5.3 taking account of external expert advice, as required, to
  - 5.3.1 assess the value, benefit and risk/ reward profile for the Company and Scottish Rugby Union and its wider membership of third party investment proposals referred to in paragraph 5.2;
  - 5.3.2 consider and assess proposals for investment by the Company in the equity or capital of third party organisations, including the reinvestment of any proceeds derived from disposal or dilution of the interest the Company may have in external rugby organisations;
- 5.4 to advise and if thought fit, to make recommendations to the Board on whether any of the investment proposals referred to above should be progressed, adjusted, accepted or rejected;
- 5.5 to assist the Company's representatives, including directors and employees, in identifying and avoiding any conflicts of interests which may arise when contemplating or dealing with any investment proposals;
- 5.6 if any conflicts or potential conflicts arise, to provide appropriate direction and guidance on the declaration, recording, management and authorisation, if considered appropriate, of any conflicts in accordance with the Company's Articles of Association and applicable legislation;
- 5.7 liaise with the Board and other Board Committees, Directors and senior staff on any issues or matters arising from the work of the Committee which are or may be relevant to the work and responsibilities of the Board or those other Committees, such as but not limited to executive performance and remuneration, financial reporting and the management of risk and financial control;
- 5.8 consider whether there are any matters to be placed on the agenda for any General Meeting for members' approval;
- 5.9 to review those elements of the Group's Annual Report to the members of Scottish Rugby Union that relate to the work of the Committee, prior to publication;
- 5.10 to undertake such other tasks, projects and activities as may be delegated to the Committee by the Board;
- 5.11 to report annually to the Board on the conduct of the Committee's business and the Committee's effectiveness; and
- 5.12 to review the Committee's Terms of Reference, from time to time, as appropriate.

## 6. Authority

- 6.1 In carrying out its duties under these Terms of Reference the Committee has authority to and responsibility for:-
- 6.1.1 undertaking its own research or analysis;
  - 6.1.2 obtaining outside legal, financial, investment banking or other independent professional advice if it considers this necessary for the fulfilment of its duties and for approving the terms of appointment and remuneration of those advisers, provided that the anticipated remuneration for any single appointment does not exceed £300,000.
- 6.2 The Committee has access to the advice and services of the Finance Director and Company Secretary on all Committee matters.
- 6.3 The delegation of certain duties and authority to the Committee by the Board shall not prevent the Board from itself performing those duties or exercising that authority.

## 7. Reporting

- 7.1 The Secretary to the Committee shall circulate the minutes of Meetings of the Committee to all Committee members and the minutes shall be available to all other members of the Board, on request to the General Counsel & Company Secretary.
- 7.2 A copy of the papers for each Meeting is to be made available by the Secretary to each member of the Committee and the Finance Director as soon as practicable in advance of the Meeting. Copies of papers shall be made available to other Board Directors who are not members of the Committee and to the Company's auditors, on request to the Company Secretary.
- 7.3 The Chair of the Committee, or in the Chair's absence, a member of the Committee or the Committee Secretary shall report on the business of a meeting to the Board at the next following Board meeting.
- 7.4 These Terms of Reference may be published by the Company in such form and manner as the Board may decide.

## 8. Approval of terms of Reference and Amendments

These Terms of Reference, and any amendments to them, shall be subject to the approval of the Board.

**Approved by the Board, as amended, on 3 September 2020.**

**Robert M Howat**  
**General Counsel & Company Secretary**