

SCOTTISH RUGBY LIMITED

MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY LIMITED  
HELD ON TUESDAY 29 NOVEMBER 2022 at 9.00AM

BY TEAMS AUDIOVISUAL PLATFORM

**Present:**

John Jeffrey	(JJ)	Chairman
Mark Dodson	(MD)	Chief Executive
Shona Bell	(SB)	Chief People and Engagement Officer
David McMillan	(DMcM)	Independent Non-Executive Director
Bob Richmond	(BR)	Non-Executive Director
Hilary Spence	(HSp)	Chief Financial Officer
Hazel Swankie	(HSw)	Non-Executive Director
Lesley Thomson	(LT)	Senior Independent Non-Executive Director

**In Attendance:**

Robert Howat	(RH)	General Counsel & Company Secretary
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**ACTION**

**1. INTRODUCTION**

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

He expressed his personal condolences and those of the Board in connection with the recent death of Doddie Weir, with a moment then taken by all in paying respect for his life and contribution to rugby and charitable works.

The Chairman advised that the Company would honour Doddie at the right time at BT Murrayfield, in conjunction with and respecting the wishes of his family.

Due to the nature of some of the business to be discussed during the Meeting the Chair confirmed that he would recuse himself at an appropriate point, with the Senior Independent Non-Executive Director then chairing during his absence.

**2. Recommendations from Nominations Committee**

The Chair confirmed that the Nominations Committee had met the previous day to discuss a number of matters relating to Board succession and composition and including non-executive director vacancies. The Board members were reminded that a risk to the Company relating to non-executive director continuity and succession was sitting on the Company's Risk Register as a Red risk.

*The Chairman recused himself from the Meeting.*

The Senior Independent Non-Executive Director explained that the current Chair's term of office was due to expire at the end of May 2023. Under the new governance structures the appointment of the Chair of the SRL Board, or an extension of that appointment, required the consent of the SRU Custodian Directors.

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Recognising that role, various conversations and meetings had taken place over the last several weeks, including with the Chair of the SRU Board, in order to engage with the Custodian Directors on the approach to be adopted.

The Senior Independent NED then briefed the Directors on the detail of the conversations and points discussed, including the importance of maintaining continuity on the SRL Board and the organisation's relationships at international level.

The Chair of the SRU Board had confirmed to the Senior INED that following on from this dialogue the subject had been considered at some length by the Custodian Directors.

Their collective view was that an open, competitive process should be followed for the appointment as SRL Board Chair, with assistance from external recruitment consultants. The role under the new structures was seen as a critical one, with many complexities and challenges. The importance of continuity and relationships were recognised as being part of that but leadership, commercial and business skills and experience were also fundamental and the process adopted should identify the best quality candidates available. It had been made clear that the current Chair would be very welcome to apply.

The Senior INED advised that having then spoken further with the Chair, he had decided not to seek reappointment as Chair when his term of office expired and that he considered the time was right for a change. As a result, a new Chair of the SRL Board would need to be appointed so as to be ready to take up office from 1 June 2023.

This had been discussed with the Nominations Committee (without the Chairman being present), with it being agreed and recommended by the Committee that the Senior INED and remaining Committee member (Bob Richmond) should take the process forward, supported by the Chief People & Engagement Officer and external recruitment consultants. The current Chair would not participate in the process of identifying his potential successor or formulating the role specification.

The role specification would be prepared shortly and also discussed with Lorne Crerar, the Chair of the SRU Board, with identification of potential candidates commencing in January 2023. Liaison with the SRL Board on the work undertaken in identifying candidates to become the new Chair and the process for subsequent appointment would be conducted through the Senior INED. Ideally, the appointment would be made for around the beginning of April 2023.

The Senior INED then explained that the Committee had considered the extent of recent changes to the Board arising from the recent governance structure changes, including the expiry of the terms of office of other non-executive directors during 2023. The risk to continuity was significant, also having been highlighted at Red level on the Company's Risk Register.

The Nominations Committee had been particularly concerned that the Company and Board would also lose the skills, experience, influence and relationships of the current Chair were he to leave the Board entirely when his current term expired in May 2023. The Committee had therefore agreed to recommend to the Board that John Jeffrey be invited to serve a second term as a non-executive director of the Company for a period of 3 years, beginning on 1 June 2023.

The Directors considered the recommendations made.

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Taking account of the Chair's significant contribution to the Board and Scottish Rugby's interests and strategy during his period of office, his influence and experience at the highest levels of the game, his commitment to promoting and progressing inclusion and diversity within the organisation and the game in Scotland, and the risk that the Company currently faced in connection with Board continuity, the Board **AGREED** unanimously to support the recommendation for an extension to John Jeffrey's tenure as non-executive director on the basis proposed. The proposed approach to recruitment of a successor and timing was endorsed.

If the invitation was accepted, the wording of an appropriate public announcement addressing the search for a new Chair and the extension for John Jeffrey would then be agreed with the SRU Chair on behalf of the Custodian Directors.

*The Chairman re-joined the Meeting.*

The Senior INED advised the Chairman of the Board's unanimous decision and invitation to serve as a non-executive director of the Company for a further period of 3 years, from 31 May 2023.

The Chairman confirmed that he was pleased to accept the invitation and thanked the Board members for the invitation and their support.

The Senior INED confirmed that recruitment for a new Chair would now begin, with an open and competitive process to be followed, supported by the Chief People & Engagement Officer and external recruitment consultants. The Nominations Committee – led by the Senior INED and without involving the Chairman - would continue to liaise with the Custodian Directors through Lorne Crerar as the Chair of the SRU Board.

The Senior INED relinquished the Chair, with the Chairman thanking her for chairing during his absence.

The Chairman confirmed that other NED positions would also be vacated later in the year. The Nominations Committee had considered this at its meeting and had also taken the opportunity, due to the extent of change, to discuss broader questions of Board composition, NED/ Exec director balance, workload and time commitment, and approach to NED fees. All of these would have a bearing on the number of positions to fill, and on those who may be willing to be considered. The Committee had then wished to have a discussion with the wider Board before concluding on the next steps to be followed.

The Board then discussed these issues under reference to a presentation from the CPEO, with contributions from each of the Board members.

*Board size and composition* - the Board were reminded that historically the SRL Board had up to 12 members, being up to 4 executive Directors, 4 independent NEDs and 4 Council-nominated NEDs. Under the new structures, the minimum number of members was 7, with no maximum or required split between executive and non-executive positions. The historic position did not need to be maintained, and it was for the Board to decide on what was most suitable for the Company.

The Board currently comprised 8 members, being 3 executive directors (the CEO, CFO and CPEO) and 5 non-executive directors. Of the 5 non-executives, 2 (Bob Richmond and Hazel Swankie) were Council-nominated and were entitled to complete their current terms of office. However, as members of the Club Rugby Board, they would not be eligible to serve

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a further term if they remained on the Club Rugby Board. David McMillan's second term of office expired at the end of February 2023 and under the new structures, it could not be extended. Bob Richmond's term was due to expire in August 2023, Lesley Thomson's last term expired in September 2023 and Hazel Swankie's term would expire in August 2024.

The CEO had expressed a desire to see a further executive director appointed – his preference would be for additional rugby expertise, through the High Performance Director, to be available directly to the Board.

The Nominations Committee had taken the view that the question should be left open and without identifying a particular post holder, for the moment. The CEO confirmed he was content for this to be fluid and revert at a later date, due to the extent of other changes expected on the Board.

The CPEO explained that ultimately a total of 9 directors – 4 executive and 5 non-executive - had appeared to the Nominations Committee members to be the desired level in providing an appropriate composition and balance for the Board, allowing a majority of non-executive directors. It was understood that due to timing the Board may be slightly larger at some points – perhaps up to 11 members - during transition periods as terms expired and new directors joined.

This suggestion was supported by the other Board members. Other executives could also attend and participate at Board meetings without them becoming Board members.

*NED Vacancies* - against this backdrop and taking expiring terms into account, there was an immediate need to recruit a non-executive director to succeed David McMillan in March 2023, plus the recruitment of the new Chair and possibly a further NED later in the year, noting the terms expiring in August and September.

The CPEO confirmed that Grace Blue had been approached and were aware of the vacancies arising. They had met with the CPEO, Chairman and CEO to consider potential skillsets needed. A candidate brief would be prepared – including data/ digital, commercial, private equity and governance skills within the role descriptions. The ability to chair Board Committees was also important. It was suggested during discussion that strong financial skills and experience should also be included.

Directors were asked to feed back to the CPEO on any further specialist skillsets that they considered should be included. The CPEO confirmed that Carlyle Associates were assisting the SRU Board in recruitment of Custodian Directors and some names from that process may also merit consideration for the upcoming vacancies.

*Time commitment* – during and post Covid, and through the governance review period the time commitment from non-executive directors had increased markedly, with additional Board and Committee meetings being held. The time required had risen for a variety of reasons, with an increased burden falling on the independent NEDs, particularly in connection with the chairing of Board committees and various special projects. The current NEDs had been recruited based on an estimated 15 - 20 full days per year plus attendance at the AGM and at international matches.

The Nominations Committee had agreed that efforts should be made to reduce the current time commitment and to refocus on the NED role. Greater clarity on the extent and expectations of the role and more equal sharing of the burden on the individual NEDs was

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also thought to be needed. The remaining Board members agreed that such efforts should be made.

The Chairman advised that the Nominations Committee had also discussed the possibility of creating the post of Vice-Chair, to assist with managing workloads and responsibilities. This would not necessarily need to be the same person as the Senior Independent Director, which was seen as a valuable role in its own right.

This suggestion was discussed and also welcomed in principle, with the possibility of that role having designated responsibilities, perhaps in relation to external relationships or other specialist skills or specific strategic objectives.

*Number of Board Committees* – one further possibility in reducing time commitment was to reduce the number of Committees (currently 5) for example, by combining the Nomination and Remuneration Committees (but noting there may, for governance reasons, be implications on membership and who could then chair such a Committee). Directors' views on this varied, recognising the time commitment associated depended on the overall number of non-executive directors available, how evenly spread the workload could be among them and the number of directors on each Committee.

The Chairman confirmed he was considering this, with the CPEO noting this was a further reason for progressing with recruitment on new NEDS in the short term.

*Approach to fees* – all NEDS were paid approximately £16,000 per year, with a higher fee paid to the Chairman. It was queried whether this fee level was sufficient (when considering market rates) in the context of the time commitment expected, to then attract the best quality candidates, and also whether the balance between the Chair and NEDS should be different.

It was noted that the Remuneration Committee had a role in considering NED fees, although any decision on fee rates could only be made by the SRL Board as a whole. The Nomination Committee had suggested this be referred to the Remuneration Committee for initial discussion. That suggestion was endorsed by the Board.

*Next steps and timeline* – as a result of the discussion, the following immediate steps were confirmed:

- (i) Recruitment of 2 new NEDS to be progressed immediately - role specifications were to be finalised and then steps taken to identify and appoint:
  - (a) a successor to David McMillan, to be in post for end February/ early March 2023; **Noms C'ttee**
  - (b) a new NED to be appointed, ideally in April or early May 2023 and to become Chair in June 2023 – process to be led by LT and BR, supported by the CPEO and external consultants as endorsed earlier in the Meeting; **LT, BR, SB**
- (ii) a further NED position to be considered for appointment later in the year, with the new Chair being involved in that process; **Noms C'ttee**
- (iii) Chairman to consider number of Committees and Committee membership; **JJ**

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| (iv) | Remuneration Committee to consider NED fee levels and report back to Board;                          | Rem<br>C'ttee |
| (v)  | Nominations Committee scheduled for 8 December to be retained;                                       | JJ            |
| (vi) | any further feedback from Board members on skillsets to be provided at the 8 December Board meeting. | All           |

### 3. AOB

The Chairman raised 2 further items of business:

- Communications with the new SRU Board – there had been a flurry of emails in relation to external communications due to recent events and there was a need for SRU and SRL to agree and follow priorities and adopt a cohesive approach to the content and timing of external media announcements and club and other communications so as to avoid the risk of inconsistency or confusion.
- The business was increasingly focused on costs and efficiency savings and this should also include the costs attributable to the new SRU company limited by guarantee. The CFO confirmed that internal accounting systems had been reconfigured to include the new SRU company, with new costs codes established for direct and indirect spend.

The CFO also confirmed that there were a number of non-recurring costs in the current financial year, with some input having been provided by the President on anticipated ticketing, hospitality and travel benefits for the SRU Board and CRB members which would be attributable to SRU. The approach was structured around the Intra- Company Services Agreement.

It was **AGREED** that this subject should be considered specifically within the Audit & Risk Committee and reported back to the SRL Board from there as part of regular reporting. **HSp**

The CEO advised that the Chief Executive of 6 Nations – Ben Morel – had decided, due to the continuing time commitments and demands of the post, to stand down after 5 years in the job. This would be a real loss to the 6 Nations.

The CEO paid tribute to Mr Morel's work ethic and the instrumental role he had played in modernising the organisation, bringing the 6 Unions closer together and working with CVC. The CEO and Chairman would be involved in the process of identifying a replacement.

*Date of next Meeting:* The Chairman confirmed that the next Nominations Committee meeting and next Board meeting were due to be held at BT Murrayfield in person on 8 December. Directors could attend virtually if preferred.

All those present were thanked for attending and their contributions. There was no further business and the Chair closed the Meeting.

**APPROVED BY THE BOARD**

**23 DECEMBER 2022**