

SCOTTISH RUGBY LIMITED
SC132061

MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY LIMITED
HELD ON MONDAY 27 MARCH 2023 AT 4:30PM

BOARDROOM AND BY TEAMS AUDIOVISUAL PLATFORM

Present:

John Jeffrey	(JJ)	Chairman
Mark Dodson	(MD)	Chief Executive
Shona Bell	(SB)	Chief People and Engagement Officer
Bob Richmond	(BR)	Non-Executive Director
Hilary Spence	(HSp)	Chief Financial Officer
Hazel Swankie	(HSw)	Non-Executive Director

In Attendance:

Angela McCracken	(AMc)	Minute Taker
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Apologies:

Robert Howat	(RHt)	General Counsel & Company Secretary
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ACTION

1. INTRODUCTION

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

B Richmond and H Swankie attended online.

The Chairman noted that the Meeting had been called to address the implications for SRL Board and Board Committee composition and functionality arising from Lesley Thomson's resignation from the SRL Board, received on 24 March 2023.

The Chairman outlined the reasons for L Thomson's resignation, a copy of which had been provided to the Board Members.

As a result of Ms Thomson's departure the SRL Board, although quorate, was now below the minimum Board membership of 7, as set out in the SRL Articles of Association, and vacancies had been created on various SRL Board Committees.

It was noted that as L Thomson was a member of the Nominations Committee, her departure had taken the Committee under its own minimum membership so the Committee had not met in a formal capacity in advance of the Board meeting. However, the Chairman advised that, as Chair of the Nominations Committee, he had spoken with the other remaining member of the Nominations Committee (B Richmond) prior to the Board Meeting.

2. APPOINTMENT OF DIRECTOR

The Chairman noted the importance of restoring the SRL Board's membership to the minimum level as soon as possible.

There were various options available to the Board, all of which had advantages and disadvantages. It was acknowledged that some compromises may need to be made for a short period until new Non-Executive Directors joined the Board.

One option would be to appoint a fourth Executive Director to the Board, on an interim basis. This option was a straightforward and pragmatic solution but had consequences the Board needed to consider before opting for this approach. In particular it would mean that the majority of Directors would, for short period, be Executive Directors, which was a departure from previous practice.

The SRL Board discussed the question of the balance of Executives and Non-Executives on the Board. It was noted that SRL's Articles of Association were silent on the issue although previous versions of the Articles prior to the implementation of the governance reforms had done. For many years the majority of Board Members had been Non-Executive, being a mix of independent members and members nominated by the then Council.

The Board then considered the composition parameters in various governance codes. These varied, depending on which Code was used as the reference point. Sportscotland's SGB Framework recommended at least 25% independent members. It was noted that the SportScotland framework was closest in terms of having a contractual effect, due to the contents of the grant funding agreements between the Company and Sportscotland.

Another option for the Board would be to appoint a new Non-Executive Director(s). The recruitment process for new independent Non-Executive Directors was reaching an advanced stage but had some weeks still to run.

If this approach was adopted, to restore the minimum quickly an immediate appointment had the disadvantage of cutting across the recruitment process that was already well underway.

Waiting until the recruitment process was complete would mean operating for a short period at below the minimum number.

After discussing the options and the advantages and disadvantages of each, the Board members considered that some compromise was inevitable. On balance, it was concluded that in the circumstances, appointing an Executive Director on an interim and time-limited basis was a reasonable and pragmatic solution as a temporary measure, and the approach which was in the best interests of the Company, while still achieving a balance of Executives and Non-Executives in line with the Sportscotland governance framework.

The Chairman reiterated that ordinarily a Nominations Committee recommendation would have been made in advance but that the Board were being asked, due to the circumstances and the urgency attached, including the Nominations Committee being under its minimum membership parameter, to depart from the usual procedure on this occasion.

B Richmond, in his capacity as an existing Nominations Committee Member, confirmed that he was of the view that appointing an additional Executive Director on an interim basis was, in the circumstances, the most appropriate course of action.

It was then suggested that if this course of action was adopted, the Director of High Performance Rugby (Jim Mallinder) was the most appropriate person from within the

Executive to appoint on a temporary basis, being a senior member of the Executive and bringing additional specialist rugby knowledge and input to the Board, as well as having a broader knowledge of the organisation. The period of appointment should only be until new Non-Executive Directors were appointed, such that the Board's membership, excluding the Director of High Performance was 7 members, with the majority of those members being Non-Executive

The Board then **RESOLVED THAT** the Director of High Performance Rugby be appointed as a Director of the Company on a temporary basis, for the period from and including 28 March 2023 until the date that the membership of the SRL Board (excluding the Director of High Performance Rugby) is at least 7 members, and of whom the majority are non-executive.

The Chairman noted that he had informed the Chair of the Union Board of Ms Thomson's resignation and that the SRL Board would be meeting to address the situation and consider appointing a new Director. An update had also been provided to the Union Board at its Reporting Meeting earlier that day.

3. BOARD COMMITTEE MEMBERSHIP

The Chairman confirmed that Ms Thomson's resignation from the SRL Board also had an effect on the composition of various Board Committees. The Committees also had minimum number thresholds (3 members) although each had a quorum level of 2 members.

It was desirable to ensure that the Committees could, so far as practicable, continue to function pending the appointment of new non-executive directors. Following discussion, it was **AGREED** that:

- (a) Hazel Swankie joins the Nominations Committee, the Investment Committee and the Remuneration Committee and is appointed as the interim Chair of the ESG Committee;
- (b) John Jeffrey joins the ESG Committee; and
- (c) Bob Richmond is appointed as the interim Chair of the Remuneration Committee.

Accordingly, the membership of each Committee, would on an interim basis, and pending new non-executive director appointments, be as follows:

Audit & Risk Committee: B Richmond (Interim Chair) H Swankie
ESG Committee: H Swankie (Interim Chair), B Richmond, J Jeffrey
Investment Committee: B Richmond (interim Chair), J Jeffrey, H Swankie
Nominations Committee: J Jeffrey (Chair), B Richmond, H Swankie
Remuneration Committee: B Richmond (Interim Chair), H Swankie, J Jeffrey

For governance reasons, it was not considered appropriate for the Chairman to become a member of the Audit & Risk Committee and accordingly it was agreed that the business of the Audit and Risk Committee would come directly to the SRL Board as a whole for the time being.

4. AOB

The complaint received from a former SRL Board Member was discussed. The Chief People & Engagement Officer outlined the steps taken since receiving the complaint, including an

external consultancy firm having been engaged to examine the complaint. That examination had now been completed and their report had been finalised.

Recognising the importance to the organisation of the issues raised, it had been agreed by the Chair of the Union on behalf of SRU and L Thomson, as SRL's Senior Independent Director, on behalf of SRL that the report would be issued to a joint SRU/ SRL Working Group. That had been done. Subsequently, it had been agreed that a response would be provided to the Complainant.

In light of Lesley Thomson's departure from the SRL Board membership of the Working Group was being revisited and would also be discussed with the SRU Board.

The Chairman acknowledged the significant contribution and dedication to Scottish Rugby's interests displayed by Lesley Thomson during her tenure as an Independent Non-Executive Director. She had been the first female Director to sit on the then Scottish Rugby Union Limited Board, had actively driven inclusion and diversity in all aspects of her work for the organisation, and had played a pivotal role in expanding the profile and resourcing of safeguarding within the game in Scotland. He noted his thanks to Ms Thomson on behalf of the SRL Board.

There was no other business and the Meeting closed.

APPROVED BY THE BOARD 12 MAY 2023