

REDACTED FOR PUBLICATION**SCOTTISH RUGBY LIMITED
SC132061****MINUTES OF MEETING OF THE BOARD OF SCOTTISH RUGBY LIMITED
HELD ON 9 OCTOBER 2024 AT 8.30 AM****BY TEAMS AV PLATFORM****Present:**

Mike Soutar	(MS)	Chair for Meeting & Independent Non-Executive Director
Shona Bell	(SB)	Chief People & Engagement Officer
Chris Stewart	(CS)	Independent Non-Executive Director
Hazel Swankie	(HSw)	Non-Executive Director
Alex Whelan	(AW)	Independent Non-Executive Director

In Attendance:

Robert Howat	(RH)	General Counsel & Company Secretary
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Apologies:

John McGuigan	(JM)	SRL Chair & Independent Non-Executive Director
Ruth Davidson	(RD)	Independent Non-Executive Director
Oliver Colling	(OC)	Finance Consultant & Interim CFO

ACTION**1. INTRODUCTION****1.1 Welcome, Quorum & Apologies**

In the absence of JM, MS, as Chair of the Investment Committee, chaired the Meeting.

He noted that a quorum was present and opened the Meeting. Apologies had been received from JM, RD and OC due to prior engagements.

It was explained that the Meeting had been called to consider a request from United Rugby Championship ("URC) for shareholder consent to some changes to their management incentive plan ("MIP"). URC's constitutional documentation, including shareholder agreements entered into at the time of the Project Pentagon transaction, which had completed in May 2020, provided for consent from the shareholders for various reserved matters, of which this was one.

The Company Secretary had referred the request initially to the Investment Committee, under its terms of reference. The Committee had considered the request and had posed a number of questions and been provided with various information. Taking account of the length of time since the transaction had completed, the change in SRL Board membership in the period since then and the limited knowledge within the Board of the original transaction, the Committee had taken the view that it would be appropriate to brief the Board as a whole, before deciding on approval.

The Company Secretary had provided a detailed briefing paper on the background to the transaction, the MIP structure, financial implications, financial performance of URC and risks. This was taken as read.

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The Company Secretary declared an interest, in his capacity as a director of Professional Rugby Championship DAC and Celtic Rugby DAC, which were parties to various of the documents relating to the MIP and which had been approved by those companies, subject to the investor consents being obtained. These were positions to which he had been appointed by and on behalf of the Company. He confirmed that he did not receive any fee, payment or benefit from URC or the Company for undertaking these roles.

3. URC MIP BRIEFING & APPROVAL REQUEST

The Company Secretary referred to the circulated paper, highlighting the following:

- The background to and rationale for the URC MIP, in seeking to drive incremental value, and the wider context of CVC's interests in URC, 6 Nations and PRL.
- The approvals previously granted by the Company and the then Investment Committee for the Project Pentagon transaction – these had been summarised in an Appendix to the paper- and the delay in implementation of the MIP which had taken place.
- The current status of approvals granted - the boards of Celtic Rugby DAC and Pro Rugby Championship DAC had provided their approvals, subject to investor consents and each of the shareholders in URC (the other unions and CVC) other than SRL, had already consented.
- The circumstances in which the MIP could trigger – this required [REDACTED - CONTRACTUALLY CONFIDENTIAL]
- The mechanism for payment if the MIP triggered - [REDACTED – CONTRACTUALLY CONFIDENTIAL]
- Various restrictions and protections that had been included in the constitutional documentation including:
[REDACTED – CONTRACTUALLY CONFIDENTIAL]
- Historical and current financial performance of URC and URC's forecast earnings in URC's Bronze, Silver and Gold scenarios was outlined, and a view given on the likelihood of the MIP triggering. [REDACTED – COMMERCIALY CONFIDENTIAL]
- Key risks, implications and mitigating factors.

Comments and questions were taken, noting the following in particular:

- [REDACTED – COMMERCIALY CONFIDENTIAL]
- Performance targets – [REDACTED -COMMERCIALY CONFIDENTIAL] The URC Board were given regular performance updates on earnings. It was considered that the SRL Board would benefit from additional URC financial materials being shared with the Board, in particular so that distributions per club, and any growth in those, could be monitored. **RH**
- [REDACTED – CONTRACTUALLY CONFIDENTIAL]

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- If the performance hurdles were met - [REDACTED – COMMERCIALY CONFIDENTIAL] - there was significant potential benefit to the unions and in turn SRL through the uplift in equity value of the retained interest but even if that was the case it was recognised there was a residual risk associated with the perception of a substantial reward to URC management, which would need to be managed and explained carefully, if it did arise.
- [REDACTED – COMMERCIALY CONFIDENTIAL]

Taking account of the paper presented and the detailed discussion which had taken place, it being considered to be in the best interests of the Company, the directors decided **THAT** having received a request from United Rugby Championship for consent on certain Reserved Matters, for the purpose of giving effect to the (delayed) implementation of the URC Management Incentive Plan, and taking account of the prior authorisation granted by the Investment Committee in May 2020 for the Project Pentagon transaction, of which the URC Management Incentive Plan is a part:

1. (i) any 2 Directors; or (ii) any Director and the Company Secretary; or (iii) any Director in the presence of a witness; or (iv) any Director, or the Company Secretary, as may be required by the documentation and governing law of that documentation, be and is authorised to sign the relevant consent documentation on the Company's behalf;
2. the Company's voting rights as a shareholder of Celtic Rugby DAC be exercised so as to approve the implementation of the proposed transaction, with either of the Company's nominated representatives or any director acting as the Company's proxy for that purpose, as required; and
3. the representatives nominated by the Company to the Board of Celtic Rugby DAC and Pro Rugby Championship DAC be and are authorised to approve any motions before the Board of Celtic Rugby DAC and/ or Pro Rugby Championship DAC necessary for the purpose of implementing the proposed transaction.

Those attending were thanked for their contributions.

3. AOB & CLOSE

There being no further business, the Meeting closed

APPROVED BY THE BOARD
31 October 2024