

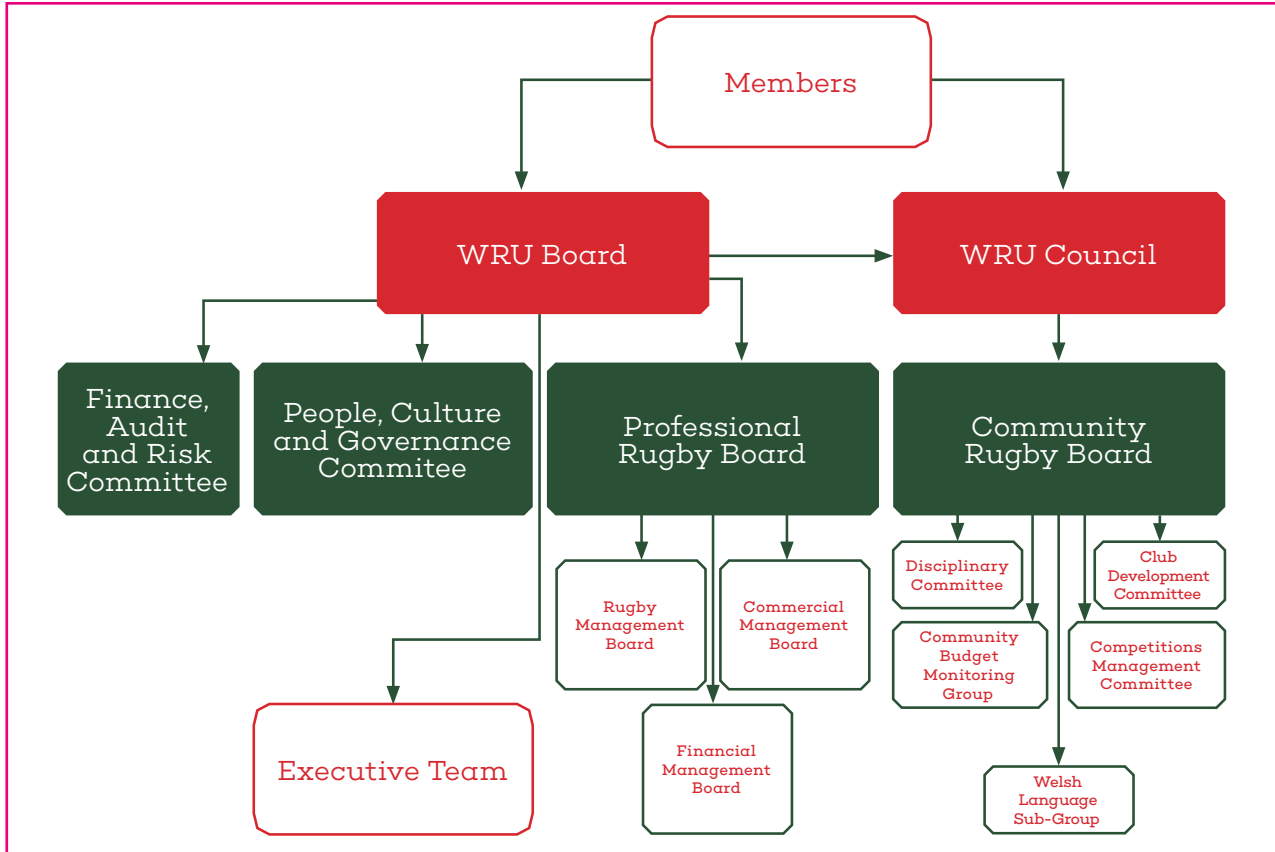


WRU GOVERNANCE STATEMENT

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This governance statement outlines the current governance structure and approach in relation to governance matters of The Welsh Rugby Union Limited (the 'WRU'). This statement also provides information on the operations of the WRU Board and its sub-Boards and committees and has been developed to provide an overview of the WRU's governance structures and workings.

WRU STRUCTURE



1. The principal activity of the WRU is to promote, foster, encourage and improve rugby football in Wales. The WRU is a company limited by guarantee. Its members are rugby clubs in Wales and other affiliated organisations, of which there are 282 full members that have (amongst other rights of membership) voting rights at general meetings. The WRU also has District Members, meaning that there are in total approximately 320 rugby clubs in Wales that are members of the WRU.
2. The Board of Directors of the WRU (the 'Board') has ultimate collective responsibility for ensuring the stewardship and long-term success of the WRU group, overseeing its strategy, performance, conduct and affairs.
3. All members of the Board recognise the importance of good governance in facilitating the WRU to achieve its goals and accountability to all its stakeholders.
4. The WRU has the following subsidiaries:
 - Millennium Stadium plc;
 - Millennium Stadium Experience Limited;
 - WRU National Centre of Excellence Limited;
 - WRU Properties Limited;
 - WRU Six Nations Limited;
 - WRU Supporters Club Limited; and
 - Parkgate Hotel Cardiff Limited.
5. Certain of these subsidiaries have external shareholders. A Group structure chart is set out in Schedule 1.

6. The individuals appointed by the WRU to serve as Directors of its subsidiary companies are either WRU Directors or members of the Executive Team, selected based on the skills necessary for the role and whether the subsidiary has an operational or governance focus.
7. The WRU also has an interest in a number of other entities. These include entities that manage the Six Nations tournaments, the URC competition, GB Sevens and British and Irish Lions. The WRU has the right to appoint certain individuals to hold governance positions in those entities. These individuals are selected on merit based on the skills and experience necessary for the role. These matters may be considered in more detail by the People, Culture and Governance Committee with a recommendation made to the Board.

THE PRINCIPLES OF GOVERNANCE

8. The legal framework within which the Board must operate is set out in the WRU's Memorandum and Articles of Association and in statute.
9. The Board also has Standing Orders, which include a Code of Conduct for Directors, to provide further guidance on its governance approach.
10. These governing documents are regularly reviewed and amended as appropriate to ensure that they continue to be relevant and effective for the WRU and the environment in which it is operating. The Articles of Association are amended through resolutions voted on by members at general meetings. The Standing Orders and Directors' Code of Conduct are reviewed and approved by the Board on an annual basis.

COMPOSITION OF THE BOARD

11. The composition of the Board (as set out in the Articles of Association) is a maximum of 12 directors and consists of:
 - two elected District Council Members;
 - two elected National Council Members;
 - the chair of the Professional Rugby Board;
 - one Director with knowledge and experience of the women's game;
 - the Group Chief Executive; and
 - five independent Directors appointed by the Board, including the Chair of the Board.
12. All of the Directors, other than the Group Chief Executive, are non-executive Directors. Each Director, however appointed, has collective responsibility for all Board business and decisions.

CHAIR OF THE BOARD

13. The Chair of the Board is one of the independent non-executive Directors and is appointed by the Board. The Chair is responsible for the leadership and management of the Board, ensuring a strong governance approach and high ethical standards.

SENIOR INDEPENDENT DIRECTOR

14. The Board includes a Senior Independent Director position which the Board appoints from one of the other non-executive Directors. The role serves to provide a sounding board for the Chair to ensure that the Board operates effectively, and will be responsible for the appraisal of the Chair, will act as a conduit for any concerns about the Chair, will have responsibility for arranging a temporary replacement for the Chair if required and will lead on the permanent succession for the Chair.

THE WRU COUNCIL

15. The WRU Council is responsible for recommending the strategy for community rugby in Wales, which is presented for consideration and approval by the Board.
16. Membership of the Council is comprised of five National Council Members and 14 District Council Members, all of whom are elected by the WRU's members. The Board is also able to appoint up to six Council Members at any time. These six Council Members have not yet been appointed, but the appointment process is currently being considered.

17. The Council elects from within its membership:
- two National Council Members for appointment to the Board; and
 - two District Council Members for appointment to the Board.

One of these Council Members is elected to serve as the Chair of the Community Game Board.

SUB-BOARDS AND COMMITTEES OF THE BOARD

18. The Board has established the following sub-Boards and Committees to manage its business in an effective and efficient manner, with an emphasis on agile informed decision-making in areas that are considered by the Board to be strategically important:
- Professional Rugby Board;
 - Community Game Board;
 - Finance, Audit and Risk Committee; and
 - People, Culture and Governance Committee.
19. These sub-Boards and Committees have delegated authority from the Board to carry out certain tasks as set out in their Terms of Reference, which are reviewed on at least an annual basis to ensure that they are still relevant and effective. Any changes to the Terms of Reference have to be approved by the Board, except for the Professional Rugby Board whose Terms of Reference are set out in the Professional Rugby Agreement and can therefore only be changed in accordance with the terms of that Agreement.
20. The minutes of the meetings of the sub-Boards and Committees are tabled at each relevant Board meeting and the respective Chairs provide updates on matters discussed and recommendations made.

COMMUNITY GAME BOARD

21. The Community Game Board ('CGB') is responsible for managing and delivering the execution of the strategy for community rugby as recommended by the WRU Council and approved by the Board. Membership of the CGB is open to all Council Members as well as the WRU Community Director. The CGB has four sub-committees to manage the community game being the:
- Disciplinary Committee;
 - Competition Management Committee;
 - Community Budget Monitoring Group; and
 - Club Development Committee.

Council Members are appointed to serve on these sub-committees and the process for doing so is reviewed on a regular basis.

The CGB also has a Welsh Language sub-group. The reporting line and membership of that sub-group are currently being considered.

PROFESSIONAL RUGBY BOARD

22. The Professional Rugby Board ('PRB') is responsible for overseeing, managing and delivering the execution of the agreed strategy for professional rugby. Membership of the PRB is set out in the Professional Rugby Agreement and comprises two representatives from the WRU (including the Group Chief Executive); the Chair of each Regional Club; and two independent members, one of whom is appointed as the Chair of the PRB. The PRB has three sub-committees being:
- Rugby Management Board;
 - Commercial Management Board; and
 - Financial Management Board.

FINANCE, AUDIT AND RISK COMMITTEE

23. The role of the Finance, Audit and Risk Committee is to make recommendations to the Board in respect of financial, audit and risk matters including accounting policies, financial reporting, effectiveness of internal controls, risk management and overseeing the WRU Group's auditors.
24. The composition of the Finance, Audit and Risk Committee, including the Chair of the Committee, is determined by the Board and comprises at least four WRU Directors and can also include up to two independent members with the necessary skills, expertise and experience.
25. The Committee meets at least four times per year or more frequently if deemed necessary in order for the Committee to discharge its duties effectively.

PEOPLE, CULTURE AND GOVERNANCE COMMITTEE

26. The People, Culture and Governance Committee is responsible, on behalf of the Board, for the review and oversight of any people, culture and governance matters. These include the WRU's people and EDI strategy, major organisational changes, recruitment, succession, performance, terms and conditions and remuneration of personnel (with specific responsibilities in relation to the Group Chief Executive and Executive Team), any non-contractual severance payments/settlement payments to employees and people related policies. It also makes recommendations to the Board on matters of governance and key policies and procedures.
27. The composition of the People, Culture and Governance Committee, including the Chair of the Committee, is determined by the Board and comprises at least four Directors and can also include up to two independent members with the necessary skills, expertise and experience.
28. The Committee meets at least four times per year, or more frequently if deemed necessary in order for the Committee to discharge its duties effectively.

DIRECTORS' EXPERIENCE, SKILLS AND CAPABILITIES

29. The Board regularly reviews the skills and experience of the Directors to ensure that the Board composition continues to have the appropriate range of skills and experience to support the WRU as it develops. The Directors are ambassadors for the WRU.
30. The Chair, together with the Company Secretary, ensures that the Directors' knowledge is kept up-to-date on key issues and developments pertaining to the WRU, its operational environment and Directors' responsibilities as members of the Board.
31. On appointment to the Board, Directors undergo an induction programme which aims to equip the new Director with the information and tools they need to become confident and effective in their new role as quickly as possible, to lay the foundations for a successful and rewarding period of Board membership and to ensure that they feel welcomed and supported as they join the Board. This includes the option for a buddy or mentor from the Board.
32. Ongoing training needs are also addressed as they are identified through ongoing discussions with the Chair and Executive Team, annual reviews of the Directors and Board effectiveness reviews.
33. The Directors also have access to the advice and services of the Company Secretary and the Board can take independent professional advice when deemed necessary.

BOARD DIVERSITY

34. The Board is committed to ensuring an inclusive culture which recognises, respects and embraces all forms of diversity. It is important that the Directors and Executive Team members feel comfortable in challenging and putting forward and discussing different points of view and this culture is nurtured by the Chair in all Board discussions. Skills reviews of the Directors includes matters related to Equality, Diversity and Inclusion.
35. Regular reviews of the EDI composition of the Board are undertaken and refreshed as new members join. This also informs ongoing succession planning for the Board and its sub-Boards and Committees.
36. The Board has also appointed joint Equality, Diversity and Inclusion Champions who act as advocates and consciences to the Board and the Executive Team to ensure equality, diversity and inclusion are fully integrated into all Board discussions and decisions. Whilst the EDI Champions may offer advice and prompt debate on inclusion with the Board and Executive Team, all Directors remain jointly and individually responsible for matters relating to EDI within the WRU.

BOARD CHAMPIONS

37. The Board has also appointed a number of Board Champions for other key areas, including Safeguarding and Integrity.
38. Whilst these Champions may take the lead in the specific areas identified, all Directors remain jointly and individually responsible for these areas.

BOARD OPERATIONS

39. The Board meets at least every two months and considers all matters which are under its remit, including the development and monitoring of the WRU's strategic plan, allocation of financial resources, reviewing the performance of the Chief Executive and Executive Team, the approval of annual budgets and review of strategic KPIs. In addition, the Board considers recommendations from the sub-Boards and Committees.
40. The Board is provided with key information on a timely basis to enable a proper assessment of all matters requiring a decision or insight.
41. Board agendas are structured to ensure that there is appropriate focus on professional rugby, community rugby, strategy, organisational performance, risk management, stakeholder engagement, culture and Equality, Diversity and Inclusion.
42. The Board is supported by appropriate governance expertise to ensure the smooth running of its operations including the timely distribution of agendas and supporting papers, clear indication of what action is required of the Board, taking of accurate minutes and recording decisions or follow up actions, monitoring ongoing actions, arranging training and development opportunities, maintaining a forward governance calendar, managing the cadence of governance meetings and supporting on any other governance related matters.
43. Executive Team members are invited to attend Board meetings for those agenda topics that are relevant to them and where their input and experience is a key part of the discussion.

EVALUATION OF PERFORMANCE

44. The Chair is committed to ensuring the ongoing effectiveness of governance and discusses any issues with Directors on a one-to-one basis if the need arises.
45. The Chair also holds regular non-executive only sessions at Board meetings to provide the Directors with the opportunity to discuss any issues and reflect on the ongoing effectiveness of the Board as part of continuous improvement.
46. The Chair undertakes annual reviews of each of the Directors taking into account how the Director has operated in their role in terms of providing effective constructive scrutiny and challenge, acting in the best interests of the WRU and promoting the WRU's culture and values. Any development points for the Director or the Board more generally are also discussed. A written record of this discussion is produced by the Chair and Director.
47. The annual appraisal of the Chair is undertaken by the Senior Independent Director in a similar manner.
48. A self-evaluation of the effectiveness of the Board and its sub-Boards and Committees is an annual agenda item with the aim of identifying and agreeing any changes if appropriate.
49. An independent comprehensive Board Effectiveness review is undertaken at a minimum of every two years.

BOARD SUCCESSION PLANNING AND APPOINTMENTS

50. Both recruitment and succession planning for the appointed Directors are based on merit and objective criteria as well as a focus of promoting diversity of gender, social and ethnic backgrounds and cognitive and personal strengths. Recruitment of independent Directors is made following a robust, open and transparent process which aims to ensure that the best candidates are selected based on the skills, experience and diversity requirements.
51. Terms of office for each Director are agreed on their appointment and these are staggered to ensure an orderly transition to new appointments as needed. Directors are able to serve for a maximum of three terms of three years each.

52. For the elected Directors, their terms of appointment and period in office are set out in the relevant governing documents, which include the Articles of Association, Standing Orders and Appointment Letters
53. The Chair reviews the roles and responsibilities of each Director in terms of membership of sub-Boards, Committees, panels and external organisations to effectively plan transitions to new Directors as necessary.
54. Prior to confirmation of appointment, all Directors are required to complete a fit and proper person attestation which is then renewed on an annual basis.

THE BOARD'S RELATIONSHIP WITH THE EXECUTIVE TEAM

55. There is a clear separation of the roles of the Board and the Executive Team.
56. There is a detailed authority levels framework in place which provides clear established delegated authority protocols for both the Board and the Executive Team across financial, legal and operational domains. This framework is reviewed and approved by the Board.
57. The Executive Team has responsibility for managing the operational, commercial and financial activities of the WRU.
58. All Executive Team members have detailed job descriptions and KPIs are set annually and reviewed regularly.
59. The Board is responsible for providing independent oversight and accountability for the strategic development and performance of the WRU.
60. The Board is responsible for inputting to and agreeing the strategy of the WRU.
61. Each Director should act as a critical friend to the Executive Team and each Director is expected, as part of their role and responsibilities, to scrutinise, challenge and support in a constructive and collaborative manner.

CONFLICTS OF INTEREST

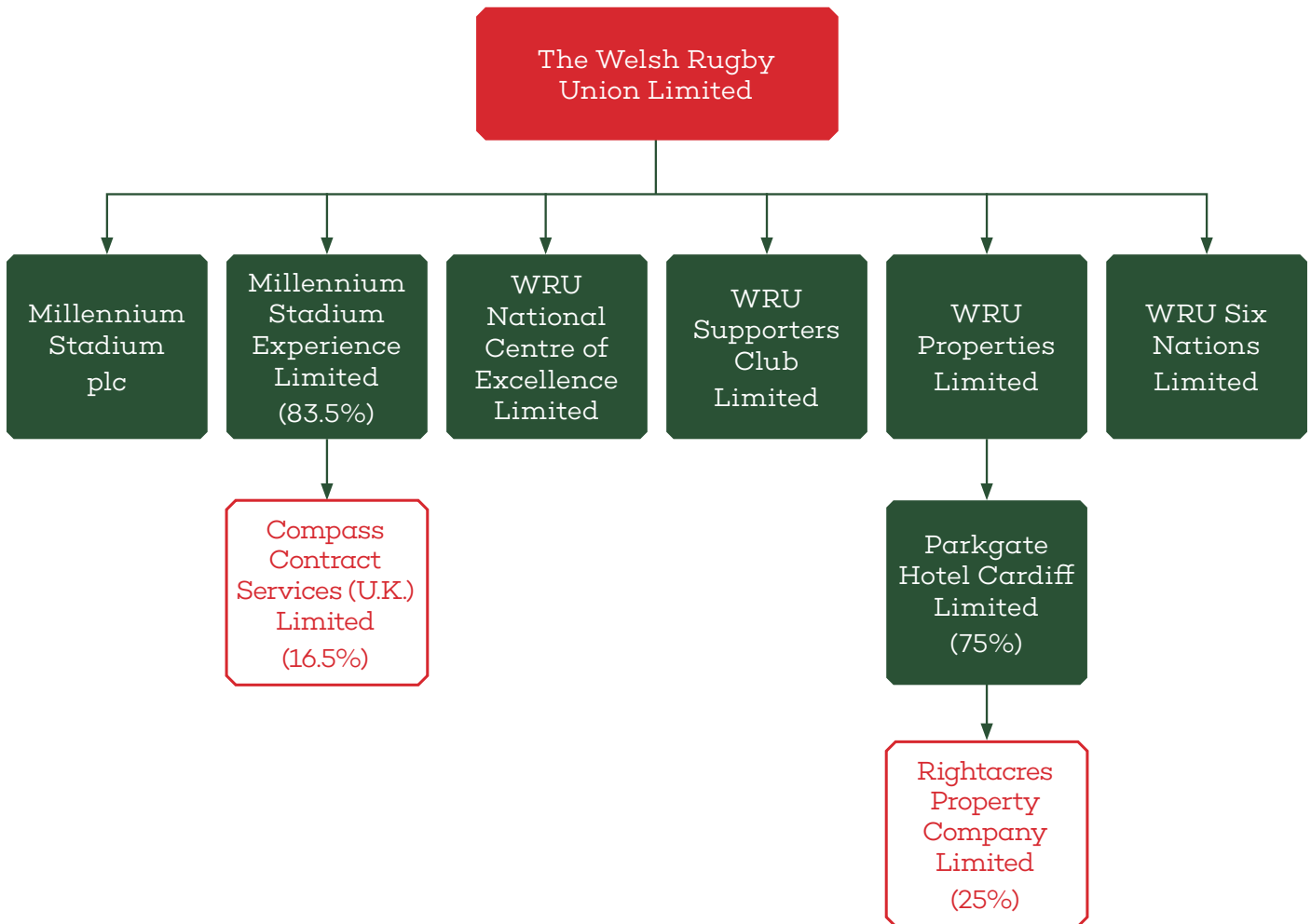
62. The WRU has effective procedures in place to monitor and deal with conflicts of interest. This includes annual self-certification by Directors and senior employees of business interests. Potential conflicts of interest on agenda items are also reported as a standing item on all Board, sub-Board and Committee meetings

EMPLOYEE ENGAGEMENT

63. The WRU places considerable value on the involvement of employees and keeps them informed on matters affecting them as employees and on the various matters affecting the performance of the WRU Group. This is achieved through regular employee calls, communication from line managers and feedback from employee surveys. The People, Culture and Governance Committee reviews survey results and recommendations for improvement are provided for consideration by the Board by the Committee.

Date : June 2024

SCHEDULE 1



Notes

In the case of Millennium Stadium plc:

- 50,001 shares are owned by The Welsh Rugby Union Limited
- 1 special share is owned by Cardiff County Council, which holds certain rights that largely relate to changes in use of Principality Stadium.