Corporate Governance Statement

Report under Section 172 Companies Act 2006

R&A Trust Company (No.1) Limited ("the company") and subsidiaries (together "the group")

For the year ended 31 December 2021

# Section 172 Companies Act 2006

When performing their duty to promote the success of the company under S172 of the Companies Act 2006 ('S172'), the Directors have considered the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f). This includes considering the interests of other stakeholders which will have an impact on the long-term success of the company. This S172 statement, which is reported for the first time, explains how the Directors:

- have engaged with a number of stakeholders including employees, customers, suppliers, the community and the environment;
- have had regard to employee interests, the need to foster the company's business relationships with customers and suppliers; and
- took the above into consideration when making principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to the company and the level of information disclosed is consistent with the size and the complexity of the business.

## General confirmation of Directors' duties

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the company's success for the benefit of its stakeholders as a whole.

# S172(1) (a) - The likely consequences of any decision in the long term

The R&A group's 5-year strategic plan, established in 2021, sets out how it intends to achieve the group's purpose of making golf more accessible, appealing and inclusive and to ensure it is thriving in 50 years from now. The Directors and the executive management oversee the delivery of this strategic plan. When considering the likely long-term consequences of their decisions the Directors of the company are aligned with the group's long-term strategic plans and take account of the interests of its stakeholders including customers, suppliers, employees, the community and the environment.

## S172(1) (b) - The interests of the company's employees

The Directors of the company are aligned with the group's broader strategies and goals in supporting its employees and protecting their interests, as outlined below.

The R&A group puts employee interests at the forefront of any decision making. The group engages with its employees in providing support, guidance and regular communications. The group conducts regular employee engagement surveys to allow employees the opportunity to provide feedback on the group's progress in delivering its people strategy. The group provides a programme of leadership and development training for the employees.

## S172(1) (c) The need to foster the company's business relationships with suppliers

The group is committed to establishing and maintaining strong business relations with its supplier base across all parts of the organisation. The employees of the group strive to treat those suppliers honestly and fairly at all times. Those strong relationships have served the group well, especially over the past year in dealing successfully with the disruption caused by the pandemic to its operations and ensuring that the group was able to continue to operate effectively and profitably.

## S172(1) (d) - The impact of the company's operations on the community and the environment

When considering the likely impact of the company's operations on the community and the environment, the Directors of the company are aligned with the group's broader strategies and goals in supporting the community and the environment, as outlined below.

The R&A group's operations provide support to communities all over the world. The staging of golf championships delivers significant economic benefit to local communities around the championship venues, particularly in respect of The Open where the championship typically delivers over £100 million in economic benefit to the local region each year. The group's role as joint governing body for the sport of golf provides support to golfing communities around the world. The group's golf development activities also deliver financial support to communities around the world.

The group is working on plans to open a community golf facility in Glasgow in 2023 with the local community at the heart of those plans.

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The group considers sustainability to be a key priority for golf, and an important element of the sport's contribution to wider society and the effect the game has on nature and resources, delivered by enduring businesses which provide a positive sporting, environmental and social legacy for future generations. The group strongly advocates sustainability across the nature, communities and resources agenda. The group also provides best practice guidelines on all aspects of golf course management, to help grow golf throughout the world in a commercially and environmentally sustainable way.

# S172(1) (e) - The desirability of the company maintaining a reputation for high standards of business conduct

The Directors of the company take account of these group policies and programmes in aiming to uphold the highest standards of business conduct at all times.

The R&A group has established a number of policies and programmes in seeking to maintain a reputation for high standards of business conduct, as set out below, and the company strives to follow those policies and programmes at all times.

## **Employment Policies**

The group has a number of policies governing conduct in the workplace including diversity, equal opportunities, dignity at work, disciplinary matters, whistleblowing and compliance with the Bribery Act. The group expects all employees acting on behalf of the company to be familiar with and comply with those policies.

# **Training Programme**

The group provides a training programme for employees to support them in the workplace to ensure the highest standards of business conduct. Those training modules include equality & diversity, modern slavery, mental health, anti-bribery, anti-money laundering and compliance with GDPR.

# **Human Rights**

The group recognises the important role our business plays in respecting human rights and continually work with partners and internal stakeholders to address global human rights challenges. The group is committed to operating the business responsibly and strives to maintain high ethical principles and to respect human rights in the business and in its supply chains. The group has established a modern slavery statement (available at www.randa.org) setting out the steps it has taken to ensure there is no modern slavery in the business or in the supply chains.

## S172(1) (f) - The need to act fairly as between members of the company

As all of the shares in the group's subsidiaries are owned by a single shareholder, R&A Trust Company (No. 1) Limited, the Directors have no material concerns related to the need to act fairly between the company's members.

## **Principal decisions**

Principal decisions have been defined as those decisions that are of a strategic nature and that are significant to any of the company's stakeholders including employees, customers, suppliers, the community and the environment. Principal decisions made by the Board during the year are summarised below and involved engagement with the relevant stakeholders:

- Future championship venues the venues for our championships are selected a number of years in advance to allow the necessary planning to take place in delivering successful championships;
- Long-term supplier agreements during the year the company entered into a number of long-term supplier agreements to secure the appropriate commercial terms and provide certainty and continuity of service;
- Long-term customer agreements during the year the company entered into long-term customer agreements to secure the appropriate commercial terms and provide secure income streams;
- The Open during the year the company staged The Open at Royal St George's and was able to participate in the government's Events Research Programme, as pandemic restrictions were eased, which enabled the championship to proceed with an increased attendance of up to 32,000 people per day;
- Golf course acquisition during the year the group acquired a golf course at Lethamhill in Glasgow and work is underway to build a new community golf facility at the site, with the goal of creating an affordable and accessible way for families, young people and community groups to engage in golf;

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- Employee support The group continued to engage with its employees in providing support, guidance and regular communications during a difficult period with the ongoing effects of the pandemic. The majority of employees were required to work from home during the year as a consequence of the pandemic and the company provided the necessary support for home working. The group did not furlough any staff, nor make any redundancies, during the year. The group has conducted a number of employee engagement surveys during the year to allow employees the opportunity to provide feedback on the company's progress in delivering its people strategy. The group provided a programme of leadership and development training for the employees throughout the year; and
- Pension scheme the group approved the investment strategy recommended by the pension scheme trustees in respect of the pension scheme, with those investments being managed under a fiduciary management model for the first time in 2021.

By order of the board

J F Murray CA Secretary 3 May 2022