Scottish Rail Holdings Limited Code of Governance

22 December 2021*

*updated to reflect changes to component elements up to and including 22 September 2025

Contents

Version control table

Version	Date	Filename	Issue list
1.0	27/09/2021	SRH Code of Governance Draft 27092021	Andrew Dundas; Jamie McGowan; Alastair Richards; Valerie Armstrong-Surgenor; Sarah Aitken; Duncan Osler; Gary Forde
1.1	29/11/2021	SRH Code of Governance DRAFT 291121	Chris Gibb, Sarah Aitken, Alastair Richards
1.2	14/12/2021	SRH Code of Governance FINAL DRAFT 141221	Chris Gibb, Sarah Aitken, Alastair Richards
1.3	20/12/2021	SRH Code of Governance FINAL DRAFT 201221	Chris Gibb, Sarah Aitken, Alastair Richards
1.4	22/12/2021	SRH Code of Governance FINAL 221221	Chris Gibb, Sarah Aitken, Alastair Richards

Code of Conduct

Scottish Rail Holdings Limited at its Board meeting on 21 August 2025 agreed to adopt the Model Code of Conduct issued by Scottish Ministers, with the approval of the Scottish Parliament, as required by the Ethical Standards in Public Life etc (Scotland) Act 2000.

The version of the Code of Conduct previously included in this Code of Governance has been replaced by the most recent version of the Model Code of Conduct issued on 07 December 2021, which is available on the SRH website.

Scheme of Delegation

GOVERNANCE FRAMEWORK

Revision History

This document should be routinely reviewed at least one in every three years.

Version number	Revision date	Details of changes
1.0		

Approval

This document was approved by:

Name	Source of authorisation	Date of Issue	Version

Distribution

This document has been distributed to:

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1. INTRODUCTION

The Scheme of Delegation for SRH sets out the matters reserved to the Board (**Section 2**). All other matters are delegated to either the Chair and the Chief Executive Officer together (**Section 3**) or the Chief Executive Officer (**Section 4**) who shall exercise such functions on behalf of SRH in accordance with the terms of the **Framework Document.**

The Chief Executive Officer may delegate this authority to one or more employees, and where this occurs this will be followed up in writing.

Section 5 sets out the framework of reporting to the Board.

2. MATTERS RESERVED FOR THE BOARD

2.1 Strategic and governance

- Oversight of adherence to the requirements of the Scottish Government's **Framework Document**.
- Approval of any changes to Parts 1 and 2 of SRH's **Governance Framework**.
- Approval of the strategic aims and objectives for SRH.
- Approval, for submission to the Scottish Ministers, the Corporate Plan, which outlines the activities, key performance indicators, reporting and work plans to deliver the strategic objectives of SRH.
- Approval of any material amendments to the Corporate Plan.
- Establishment of any committee of SRH; the specification of its terms of reference; and approval of the appointment of members to serve on any such committee.
- Approval of any formal agreement to delegate (where permitted by law) SRH functions to any other body.

2.2 Financial and contractual issues

- Approval of SRH's Annual Work Plan.
- Approval of SRH's Annual Budget.
- Approval of SRH's annual report and accounts.
- Approval of any significant change in accounting policies and practices requirements which are not in line with the Scottish Government reporting requirements.
- In line with SRH's risk management strategy:
  - setting the tone and influencing the culture of risk management within SRH;
  - setting appropriate policies on internal control;
  - seeking regular assurance that the system is functioning effectively;
  - approving major decisions affecting the organisation's risk profile or exposure; and
  - annually reviewing the organisation's approach to risk management and appraising any changes or improvements to key elements of its processes and procedures.
- The entering into of any material contracts in the ordinary course of business which involve a liability exceeding £100,000 [limit to be considered per Framework document]
- Exercising the powers, functions and duties expressly conferred and/or imposed upon SRH through [relevant legislation if applicable]
- The oversight of any significant legal or regulatory dispute in which SRH is, or will potentially be, involved in the approval of or commencement of any significant legal or regulatory proceedings or whether to appeal any judgement given against SRH

2.3 Chief Executive Officer

- Approval of the appointment and removal, with the approval of the Scottish Ministers, the Chief Executive Officer, and the terms and conditions of service including remuneration all in line with SG Pay Policy for Senior Appointments.

3 MATTERS DELEGATED TO THE CHAIR AND CHIEF EXECUTIVE OFFICER

- Approval of press releases containing matters likely to be controversial and of any major external statements or other significant communications including reports or evidence to the Scottish Parliament or any Parliamentary committee.
- Approval of the appointment of other Executive Directors.
- Approval of major changes to SRH's management structure.

4 MATTERS DELEGATED TO THE CHIEF EXECUTIVE OFFICER

4.1 General

The Chief Executive Officer is responsible for all other functions not specified in Sections 2 and 3 above and for the leadership, day-to-day running and performance of SRH and is accountable to the Board for the effective discharge of these duties. Notwithstanding the foregoing general delegation, the following matters are delegated to the Chief Executive Officer.

4.2 Compliance with Statutory Duties

- Save for the statutory provisions referred to in Section 2.2 above, all actions required to comply with legal or corporate duties placed on SRH or its staff are delegated to the Chief Executive Officer.

5 ADDITIONAL STATUTORY DUTIES OF THE CHIEF EXECUTIVE OFFICER

- The Chief Executive Officer has been designated as the Accountable Officer for SRH pursuant to section 15 of the Public Finance and Accountability (Scotland) Act 2000 (the "2000 Act"). As Accountable Officer the Chief Executive Officer is personally answerable to the Scottish Parliament for propriety and regularity in the management of public funds allocated to SRH and for which the Chief Executive Officer has charge.
- The Chief Executive Officer should act in accordance with the terms of this document, within the instructions and guidance in the Scottish Public Finance Manual and the other instructions and guidance issued from time to time by Scottish Government Financial Memorandum to Accountable Officers
- SRH Board Members (including the Chair) must not give the Chief Executive Officer instructions which conflict with the Chief Executive Officer's duties as SRH's Accountable Officer. Should instructions be issued in such terms the Accountable Officer is required to send a copy to the Auditor General in accordance with the 2000 Act.

6 REPORTING FRAMEWORK FOR THE BOARD

The Board will receive regular reports from the Chief Executive Officer and SRH staff to provide assurance that the Corporate Plan is being delivered and that SRH has discharged its statutory duties. The reporting framework shall allow the Board Members to:

- receive assurance that SRH has discharged its statutory functions;
- receives and reviews regular reports monitoring the delivery of SRH activity as set out in the Corporate Plan and Annual Work Plan;
- determine the steps needed to deal with changes, which are likely to impact on the strategic aims and objectives of SRH; the discharge of its statutory duties or on the attainability of its operational targets;
- promote the efficient, economic and effective use of staff and other resources by SRH consistent with the principles of Best Value, including, where appropriate, participation in shared services arrangements;
  - ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control;
  - take account of relevant guidance issued by the Scottish Ministers;
  - ensure that the Board receives, and reviews regular financial information concerning the management and performance of SRH and is informed in a timely manner about any concerns regarding the activities of the SRH;
  - review the terms of reference of each Committee established annually;

- receive regular reports from each Committee established and approve recommendations of any Committee (where the powers are not delegated);and
- demonstrate high standards of corporate governance at all times, including openness and transparency in its decision making.

SRH Board Terms of Reference

1. INTRODUCTION

The roles and responsibilities of the Board, the Chair, the Chief Executive and individual Board Members are set out in the governance framework and relevant SG publications including the SPFM and On Board. The overall role of the Board is to provide leadership, direction, support and guidance to ensure the organisation delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers. The **SRH Board Terms of Reference** sets out in broad terms the decision-making processes.

2. COMPOSITION OF THE BOARD

The Board will operate based on collective responsibility and will ensure that the organisation operates in accordance with the guidance issued relevant to non-departmental public bodies. Decisions will be taken, based on consensus where possible, and will be recorded within the minutes of each Board meeting. The membership of the Board will consist of not fewer than 3, nor more than 9 ordinary members (including the Chair) and the Chief Executive Officer. The Scottish Ministers appoint the Board Members normally for a period of either 3 or 4 years. The length of appointments may vary to ensure continuity of in the membership of the Board.

Recognising the nature of SRH as a holding company on behalf of TS for SRT and any other subsidiaries, a representative (either a member of the TS Senior Management Team, or a member of the TS Sponsor team) may attend from Transport Scotland in its role as Sponsor body. This representative would be a non-speaking observer, with no voting rights and subject to the discretion of the Chair. In addition, there may be attendance as required by the Chief Executive Officer for specific agenda items, from SRT, recognising group reporting lines, with an individual in attendance on behalf of SRT, but with no voting rights.

3. RESPONSIBILITES OF THE BOARD

The role of the Board is to provide strategic leadership, direction, support and guidance; to ensure the organisation delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers; to ensure financial stewardship; and to hold the Chief Executive Officer and the senior management team to account. The Board has corporate responsibility, under the leadership of the Chair, to:

- set the strategic aims and objectives for SRH;
- approve the Corporate Plan;
- approve the Governance Framework;
- receive assurance that SRH has discharged its statutory functions;
- ensure that the Board receives and reviews regular reports monitoring the delivery of the SRH's activity;
- determine the steps needed to deal with changes, which are likely to impact on the strategic aims and objectives of SRH or on the attainability of its operational targets;
- promote the efficient, economic and effective use of staff and other resources by the organisation consistent with the principles of Best Value, including, where appropriate, through participation in shared services arrangements;
- ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control;
- take account of relevant guidance issued by the Scottish Ministers;
- approve the annual accounts and ensure that Scottish Ministers are provided with the annual report and accounts to be laid before the Scottish Parliament. The Chief Executive Officer, as the

Accountable Officer, is responsible for signing the accounts and is ultimately responsible to the Scottish Parliament through the Scottish Ministers;

- approve the Annual Report;
- ensure that the Board receives, and reviews regular financial information concerning the management and performance of the organisation and is informed in a timely manner about any concerns regarding the activities of the organisation;
- establish such Committees as it sees fit. The terms of reference and reporting arrangements of such Committees will be agreed by the Board and reviewed annually;
- receive regular reports from each Committee and approve recommendations of any Committee (where the powers are not delegated)
- appoint, with the approval of the Scottish Ministers, the Chief Executive Officer, following appropriate approval of the chief executive's remuneration package in line with Scottish Government Pay Policy for Senior Appointments;
- in consultation with the Scottish Ministers, the Board will set appropriate performance objectives for the organisation which give due weight to the proper management and use of resources within the stewardship of the organisation and the delivery of outcomes;
- demonstrate high standards of corporate governance at all times, including openness and transparency in its decision making; and

4. MEETINGS

The Board shall hold formal meetings at least 6 times each year, with meetings held throughout the year, at such frequency as the Board may determine. Subject to the provisions on notice below, the Chair may convene a meeting of the Board. The Board may invite any person to attend all or part of a Board meeting. These meetings may be in person or via Teams (remote technology) and this will be determined by the Chair and the Chief Executive.

Where there is urgent business of the Board and it is not practical to convene a special meeting, the Chair may under **exceptional circumstances** deal with the matter(s) by correspondence. In these exceptional circumstances, relevant papers and resolutions will be circulated to Board Members. The actions/decisions arising from such exceptional circumstances will be reported to the subsequent Board meeting.

4.1 Notice of Meetings

Members should receive written notice of a meeting, including the scheduled time and place, at least 10 working days in advance of the meeting. The Chair, or in their absence the Deputy Chair or the Board Member appointed to Chair the meeting in accordance with paragraph 4.3 below, shall have discretion in exceptional circumstances to relax or dispense with the requirements as to the timing of notices and circulation of agendas and papers for meetings. Failure of a Board Member to receive notice of a meeting does not invalidate that meeting or any business transacted at it.

4.2 Agenda and papers

The agenda and papers for any meeting of the Board will be circulated electronically to Board Members 5 working days in advance of a Board meeting. The Board will be provided with appropriate information to allow it to fulfil the requirements of these terms of reference. Non-receipt of the agenda or papers by any Board Member will not invalidate the meeting or any business transacted at that meeting.

Draft minutes of meetings will be distributed to Board Members for approval via email or amendment at the next scheduled Board meeting.

4.3 Quorum

The quorum for a meeting of the Board shall be three Board Members present. Board Members may attend meetings of the Board by telephone or video conferencing facility or other medium. Board Members participating by telephone or video conferencing or other medium shall be present at that meeting.

If the Chair is not present at a meeting of the Board, the Deputy Chair shall chair the meeting of the Board. If there is no Deputy Chair, the Board Members present shall appoint one of their number to chair the meeting.

In the event of a matter requiring a vote, only Board Members present will be able to vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.

4.5 Attendance

All Board Members are expected to attend all Board meetings. The Chief Executive Officer will ensure that the Board receives appropriate support.

5. OTHER COMMITTEES

The Board may establish such other Committees (either standing or ad-hoc) as it may consider appropriate and may determine the membership, terms of reference and procedures of those Committees.

The Board shall specify the extent, if any, to which any Committee has delegated authority to exercise any function of SRH (whether a reserved matter or otherwise).

6. RESERVED MATTERS

Decisions reserved to the Board are set out in SRH's **Scheme of Delegation.**

7. REVIEW OF EFFECTIVENESS

The Chair should ensure that the Board and all its Committees are subject to regular self-assessment to ensure that they are working effectively.

Terms of reference for Audit and Risk Committee

Scottish Rail Holdings Limited at its Board meeting on 21 August 2025 approved revised Terms of Reference for its Audit and Risk Committee.

The version of the Terms of Reference previously included in this Code of Governance has been replaced by the most recent version of the Terms of Reference, which are available on the SRH website.

Terms of Reference for Remuneration and Appointments Committee

Scottish Rail Holdings Limited at its Board meeting on 18 September 2025 approved revised Terms of Reference for its Remuneration and Appointments Committee.

The version of the Terms of Reference previously included in this Code of Governance has been replaced by the most recent version of the Terms of Reference, which are available on the SRH website.