

The Veterinary Defence Society Limited

Nominations Committee

Terms of Reference

Approved by the Board on 31 July 2019

1 Membership

- 1.1** The Committee shall comprise at least three Directors. A majority of the members of the Committee should be independent Non-Executive Directors. All appointments to the Committee shall be made by the Board.
- 1.2** Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3** The Board shall appoint the Committee Chairman who shall be a Non-Executive Director and shall normally be the Chairman of the Board. If however, the Committee is considering the position of the Chairman of the Board:
 - 1.3.1** The incumbent Chairman of the Board shall not attend
 - 1.3.2** The Committee shall be chaired by a Non-Executive member of the Committee agreed between the Committee members and the Senior Independent Director.
 - 1.3.3** To maintain a quorum of the Committee when considering the Chairman of the Board role, additional independent Non-Executive Directors may be co-opted. This shall normally be the Senior Independent Director unless he/she already sits on the Committee.
- 1.4** If the Committee is considering the position of the CEO or any other of its number, that individual shall be required to leave the meeting for that part of the discussion, if so required by the Chairman.
- 1.5** In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board.

2 Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee.

3 Quorum

The quorum necessary for the transaction of business shall be two, both of whom must be independent Non-Executive Directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4 Frequency of Meetings

The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require. Meetings may be held in person, over the telephone or by technology enabled conference.

5 Notice of Meetings

- 5.1** Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2** Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6 Minutes of Meetings

- 6.1** The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2** Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists.

7 Annual General Meeting

The Committee Chairman shall attend the Annual General Meeting prepared to respond to any member questions on the Committee's activities.

8 Duties

8.1 The Committee shall:

- 8.1.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board and make recommendations to the Board with regard to any changes.
- 8.1.2 Satisfy itself with regard to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Society, and what skills and expertise are needed on the Board in the future.
- 8.1.3 Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies, Board Committee vacancies (excluding those arising on the Nominations Committee) as and when they arise.
- 8.1.4 Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment.
- 8.1.5 Prior to the appointment of a Director, the Committee shall require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interest that could result in a conflict of interest.

8.2 In identifying suitable candidates the Committee shall:

- 8.2.1 Use open advertising or the services of external advisers to facilitate the search
- 8.2.2 Consider candidates from a wide range of backgrounds
- 8.2.3 Consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position
- 8.2.4 Keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
- 8.2.5 Keep up to date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates
- 8.2.6 On an annual basis;

Review the results of the Board performance evaluation process that relate to the composition of the Board.

Review the time required from Non-Executive Directors.

Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties.

8.2.7 Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected on them in terms of time commitment, Committee service and involvement outside Board meetings.

8.2.8 Work and liaise as necessary with all other Board committees.

8.3 The Committee shall also make recommendations to the Board concerning the following:

8.3.1 Formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive

8.3.2 Suitable candidates for the role of Senior Independent Director

8.3.3 Membership of the Board, Board Committees (excluding the Nominations Committee), in consultation with the chairmen of those Committees

8.3.4 The re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required

8.3.5 The re-election by members of any Director under the annual re-election provisions of the UK Corporate Governance Code 2018 (as annotated by the Association of Financial Mutuals,) and the 'retirement by rotation' provisions in the Society's Articles of Association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board

8.3.6 Any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Society subject to the provisions of the law and their service contract.

8.3.7 The appointment of any Director to executive office or to Chairman of the Board.

9 Reporting Responsibilities

9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.3 The Committee shall produce a report to be circulated in the Annual Report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. This shall include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives.

10 Other

- 10.1 The Committee shall comply with the requirements of the UK Corporate Governance Code 2018 as annotated by the Association of Financial Mutuals and shall at all times act compliantly and according to best practice.
- 10.2 The Committee shall, at least once a year, review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.3 The Committee shall give due consideration to cases and regulations and any published guidelines and recommendations regarding the appointment of Directors, including the provisions of the Code.

11 Authority

- 11.1 The Committee is authorised to seek any information it requires from any employee of the Society in order to perform its duties.
- 11.2 The Committee is authorised to obtain, at the Society's expense and via the Company Secretary, outside legal or other professional advice on any matters within its Terms of Reference.

Cecilia M Gannon
General Counsel and Company Secretary
17 July 2019