

The Veterinary Defence Society Limited

Board of Directors

Terms of Reference

Approved by the Board 26 July 2017

1. Introduction

These Terms of Reference for the Board of Directors address the principal purpose and responsibilities that the Board must discharge. There are corresponding documents describing the principle duties of the Executive Committee, Audit and Risk Committee, Nominations Committee, Remunerations Committee and the Investment Committee.

The Board members provide entrepreneurial leadership and are collectively responsible for the long term success of the Veterinary Defence Society Limited, a mutual insurance company dual regulated by the Prudential Regulation Authority and the Financial Conduct Authority providing insurance products and services to the veterinary profession.

2. Purpose

The Board fulfils its purpose and exercises its responsibilities under the Articles of Association which includes but are not limited to:

- Provide leadership in the setting of the Society's vision, mission and strategic direction
- Approval of the Strategic Plan (which includes Business Strategy, Underwriting, Claims and Reinsurance Strategy, Investment Strategy, Financial and Capital Management and Enterprise Risk Management), risk appetite, operational objectives and plans, policies, procedures and budgets or any changes to any of these
- Review progress against the Strategic Plan, operational objectives and plans, budgets and financial performance and the Society's risk appetite, noting exceptions and approving mitigating actions
- Participate in identifying the principal risks of the business, to achieve a proper balance between risk and returns and to oversee the implementation of appropriate systems to monitor, manage and mitigate the risks
- Ensure compliance with statutory and regulatory obligations by overseeing the implementation of appropriate systems and procedures.

- Approve the decision to start activity and/or expenditures outside of strategy, plans, budgets and/or agreed limits, or to cease to operate all or any material part of the Society's business
- Ensure adequate succession planning, selection and appointments to the Board so that membership, size and structure of the Board is appropriate. This includes selection of the Chairman, Chief Executive, Senior Independent Director, Chairs and Members of Board Committees and the Company Secretary.
- Determine remuneration policy for Directors, Company Secretary and other senior executives

In performing its duties the Board will:

- at all times, strive to comply with the requirements of the U.K. Corporate Governance Code 2016 (issued by the Financial Reporting Council), annotated by the Association of Financial Mutuals with a view to facilitating effective entrepreneurial and prudent management that can deliver the long term success of the Society.
- The Directors will act in accordance with all relevant and applicable legislative and regulatory rules, in particular they will comply with the Directors' duties contained in the Companies Act 2006 and their regulatory responsibilities under the Financial Services and Markets Act 2000 and subsequent legislation.
- delegate authority to a number of committees appointed by the Board. In addition to the Executive Committee there will be committees for Audit, Risk and Compliance, Remuneration, Nominations and Investment comprising a majority of Non-Executive Directors. Matters not specifically delegated to these committees will form a Schedule of Matters Reserved for the Board

3. Membership

The Board of Directors will comprise of Executive Directors and Non Executive Directors in accordance with the Articles.

4. Chair

The Chairman of the Board shall be a Veterinary Independent Non Executive Director recommended by the Nominations Committee, elected by the Board and by the members in the Annual General Meeting. Appointments shall be for a period of three years extendable by no more than two additional three year periods. In the absence of the Chairman the Senior Independent Director will chair the Board.

5. Secretary

The Company Secretary or as appointed by the Chairman

6. Quorum

According to the Articles of Association

7. Frequency of Meetings

The Board shall meet six times a year and ad hoc as required.

8. Notice of Meetings

Meetings of the Board, other than those regularly scheduled as above, shall be summoned by the Secretary at the request of the Chairman.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Board and any other person required to attend, no later than five working days before the date of the meeting.

9. Conduct of Meetings

Except as outlined above, meetings of the Board shall be conducted in accordance with the Society's Articles of Association governing the proceedings of directors.

10. Minutes of Meetings

The Office Manager or her/his appointed alternate shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance.

Minutes of the Board meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

Cecilia M Gannon
General Counsel and Company Secretary
26 July 2017