

The Veterinary Defence Society Limited

Board of Directors

Terms of Reference

Approved by the Board on 26 July 2023

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 Committee, Risk & Compliance Committee, Nominations Committee and Remuneration Committee.

Board members provide entrepreneurial leadership and are collectively responsible for the long-term success of the Veterinary Defence Society Limited.

2. Purpose

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

- Providing leadership in setting the Society's vision, mission, and strategic direction.
- Providing leadership in setting a healthy, diverse and inclusive culture.
- Approving the Strategic Plan (which includes Business, Underwriting, Claims and Reinsurance, Investment, Financial and Capital Management and Risk Management strategies), risk appetite, business objectives, policies, procedures and annual operating budgets or any changes to any of these.
- Reviewing progress against the Strategic Plan, business objectives, annual operating budget and financial performance and the Society's risk appetite, noting exceptions and approving mitigating actions.
- Identifying the principal risks of the business to achieve a proper balance between risk and return and to oversee the implementation of appropriate systems to monitor, manage and mitigate the risks.
- Ensuring compliance with statutory and regulatory obligations by overseeing the implementation of appropriate systems, controls, procedures, and policies.

- Approving the decisions to start activity or expenditure outside of strategy, plans, annual operating budget or agreed delegated limits, or to cease to operate all or any material part of the Society's business.
- Having oversight of the Society's framework for the management of claims and taking decisions on any claims matter referred to the Board including by virtue of the Exercise of Discretion Policy and any amendment thereof.
- Ensuring 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 Chair, Chief Executive, Senior Independent Director, Chairs and Members of Board Committees and the Company Secretary.
- Determining the Remuneration Policy for senior executives as defined in the Remuneration Policy.
- To have overall responsibility for the Society's Environmental, Social and Governance (ESG) strategy, plans and appetite and regularly discuss and monitor ESG matters.

In performing its duties, the Board will:

- Comply with the requirements of the AFM Corporate Governance Code 2019 and any revision thereof, with a view to facilitating effective entrepreneurial and prudent management that can deliver the long-term success of the Society.
- Ensure that the Directors act in accordance with all relevant and applicable law and regulation, in particular that they comply with the Directors' duties contained in the Companies Act 2006, their responsibilities under the Financial Services and Markets Act 2000 and subsequent legislation and regulation.
- Delegate authority to committees appointed by the Board: Audit, Risk and Compliance, Remuneration and Nominations, each comprising a majority of Non-Executive Directors (all NEDs with regard to Audit, and Risk and Compliance Committees). 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 Executive Directors and Non-Executive Directors in accordance with the Articles of Association.

4. Chair

The Chair 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 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 Chair, the Senior Independent Director will chair the Board.

5. Secretary

The Company Secretary or as appointed by the Chair of the Board.

6. Quorum

According to the Articles of Association, currently five.

7. Frequency of Meetings

The Board shall meet six times a year and as required. Meetings may be held in person, by telephone, or by technology enabled conference.

8. Notice of Meetings

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

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 Articles of Association governing the proceedings of Directors' meetings.

10. Minutes of Meetings

The Secretary/Administration Officer 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 of the Board within 15 working days of the meeting.

Carolyn Davidson
Company Secretary
26 July 2023