

VDS Nomination Committee Terms of Reference

16 July 2024

1. Introduction

These Terms of Reference for the Nomination Committee address the principal purpose and responsibilities that the Committee must discharge. There are corresponding documents describing the principal duties of the Board, Executive Committee, Audit Committee, Risk and Compliance Committee, and Remuneration Committee.

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

2. Purpose

The Nomination Committee is responsible for monitoring the balance of skills, knowledge, experience and diversity on the board, recommending Board and Board Committee appointments to the board and monitoring succession plans for the Society. The Committee is also responsible for the oversight of talent development throughout the Society and for ensuring there is a sufficient pipeline of diverse talent available to achieve the strategy of the Society.

3. Duties

The Committee shall:

- 3.1 Regularly review the structure, size, and composition of the Board (including the skills, knowledge, experience and diversity) and make recommendations to the Board regarding any changes.
- 3.2 Satisfy itself with regard to succession planning for Directors and other senior executives in the course of its work, considering the challenges and opportunities facing the Society, and what skills and expertise are needed on the Board in the future.
- 3.3 Be responsible for identifying and nominating for the approval of the Board, candidates for filling vacancies and Board Committee vacancies (excluding those arising on the Nomination Committee) as and when they arise.
- 3.4 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.
- 3.5 Prior to the appointment of a Director, 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.

In identifying suitable candidates, the Committee shall:

- 3.6 Use open advertising or the services of external advisers to facilitate the search.
- 3.7 Consider candidates from a wide range of backgrounds.
- 3.8 Consider candidates on merit and against objective criteria and with due regard to the Society's Board Diversity Policy (as amended by the Committee from time to time) and the benefits of

- diversity on the Board, taking care that appointees have enough time available to devote to the position.
- 3.9 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.
- 3.10 Keep up to date and fully informed about strategic issues and commercial changes affecting the Society, and the market in which it operates.
- 3.11 On an annual basis:
- a. Review the results of the Board performance evaluation process that relate to the composition of the Board.
 - b. Review the time required from Non-Executive Directors. Assess whether the Non-Executive Directors are spending enough time on VDS activity to fulfil their duties and feed any relevant outputs into the Remuneration Committee as appropriate.
- 3.12 Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.
- 3.13 Work and liaise as necessary with all other Board committees.

The Committee shall also make recommendations to the Board concerning:

- 3.14 Formulating plans for succession for both Executive and Non-Executive Directors including for the key roles of Chair and Chief Executive.
- 3.15 Suitable candidates for the role of Senior Independent Director.
- 3.16 Membership of the Board, Board Committees (excluding the Nomination Committee), in consultation with the chairs of those Committees.
- 3.17 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.
- 3.18 The re-election by members of any Director under the annual re-election provisions of the AFM Corporate Governance Code 2019 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.
- 3.19 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 their service contract and prevailing legislation.
- 3.20 The appointment of any Director to executive office or to Chair of the Board.

4. Membership

- 4.1 Members of the Committee shall be appointed by the Board.
- 4.2 The Committee shall comprise at least three Directors. A majority of the Committee should be independent Non-Executive Directors. All appointments to the Committee shall be made by the Board.
- 4.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting, as and when appropriate.
- 4.4 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 required by the Chair.
- 4.5 In the absence of the Committee Chair 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.

Chair

The Board shall appoint the Committee Chair who shall be a Non-Executive Director.

If the Committee is considering the position of the Chair of the Board:

- The incumbent Chair of the Board shall not attend.
- The Committee shall be chaired by a non-Executive member of the Committee agreed between the Committee members and the Senior Independent Director.
- To maintain a quorum of the Committee when considering the Chair 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.
- The Chair of the Board shall be independent on appointment when assessed against the circumstances set out in Provision 10 of the UK Corporate Governance Code 2018. The roles of chair and chief executive shall not be exercised by the same individual. The chief executive shall not become Chair of the Board. If, exceptionally, this is proposed by the board, key stakeholders should be consulted ahead of appointment. The board should set out its reasons to all stakeholders at the time of the appointment and publish these on the Society's website

5. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee. All directors shall have access to the advice of the Company Secretary, who is responsible for advising the committee on all governance matters.

6. 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.

7. Frequency of Meetings

The Committee shall meet at least twice a year and at such other times as the Chair of the Committee shall require. Meetings may be held in person or remotely.

8. Notice of Meetings

Meetings of the Committee shall be called by the Company Secretary at the request of the Committee Chair.

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.

9. Conduct of Meetings

Except as outlined above, meetings of the committee shall be conducted in accordance with the Articles of Association where specified.

10. Minutes of Meetings

The Company Secretary or their nominee shall minute the proceedings and resolutions of the Committee, including recording the names of those present and in attendance.

Minutes of Committee meetings shall be circulated within 15 working days to all members of the Committee and the Chair of the Board.

11. Conflicts of Interest

The Committee Chair shall ascertain any conflicts of interest of members of the Committee at the start of each meeting in relation to the matters to be discussed and shall be recorded accordingly in the minutes. The Committee Chair may require any such conflicted member to withdraw from the meeting whilst the Committee considers the matter.

12. Engagement

The Chair of the Committee shall:

- 12.1 attend the Annual General Meeting prepared to respond to any member questions on the Committee's activities.
- 12.2 ensure effective engagement with key stakeholders on significant matters relating to the Committee's area of responsibility, including colleagues, to ensure their views are understood and considered as appropriate by the Committee and the Board.

13. Annual performance review

At least once a year, review its own performance and constitution to ensure it is operating at

maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

14. Terms of Reference review

These Terms of reference shall be reviewed annually.

15. Authority

The Committee is authorised to seek any information it requires from any employee of the Society to perform its duties.

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.

16. Reporting Structure

- 16.1 The Committee will report directly to the Board via the Chair of the Committee.
- 16.2 The Chair of the Committee shall provide a written or verbal report (as appropriate or as requested by the Chair of the Board) to the following Board meeting.
- 16.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 16.4 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, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

17. Other matters

The Committee shall:

- 17.1 comply with the requirements of the AFM Corporate Governance Code 2019 as amended from time to time and shall always act compliantly and according to best practice.
- 17.3 give due consideration to cases and regulations and any published guidelines and recommendations regarding the appointment of Directors, including the provisions of the Code.