

# VDS Board Terms of Reference

16 July 2024

## 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.

### **3. Duties**

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, Economic Crime and Corporate Transparency Act 2024. their responsibilities under the Financial Services and Markets Act 2023 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.

### **4. Membership**

The Board of Directors will comprise Executive Directors and Non-Executive Directors in accordance with the Articles of Association. At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.

The Committee may request any attendees to leave the meeting in order that the Committee members can discuss matters confidentially.

#### **Chair**

The Chair of the Board shall be an 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 shall act as the Secretary for the Board. All directors shall have access to the advice of the company secretary, who is responsible for advising the board on all governance matters. Both the appointment and removal of the company secretary shall be a matter for the whole 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 should be held in person, but alternatives are permissible by exception when required.

## **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. Supporting papers shall be sent to Board members and to other attendees as appropriate, at the same time.

## **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 Company Secretary or their nominee 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 to all members of the Board within 15 working days of the meeting.

## **11. Conflicts of Interest**

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

## **12. Engagement**

The Chair of the Board shall attend the Annual General Meeting in person prepared to respond to any member questions on the Board's activities.

In addition, the Chair should seek engagement with key stakeholders on significant matters relating to the Board's area of responsibility, including colleagues.

## **13. Annual performance review**

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

## **14. Terms of Reference review**

Ensure these Terms of Reference are reviewed annually.

## **15. Authority**

The Board is authorised:

- To seek any information, it requires from any employee of the Society to perform its duties
- To obtain, at the Society's expense and via the Company Secretary, outside legal or other professional advice on any matter within its Terms of Reference.