



GOVERNANCE HANDBOOK

Contents

1. MDDUS Corporate governance – summary	2
2. MDDUS Group corporate structure	5
3. MDDUS Governance structure	6
4. MDDUS Board – Terms of reference.....	7
5. Schedule of matters reserved to the MDDUS Board	9
6. MDDUS Audit and Risk Committee – Terms of reference.....	11
7. MDDUS Investment Committee – Terms of reference	14
8. MDDUS Remuneration and Nominations Committee – Terms of reference.....	16
9. MDDUS Chair – Role and responsibilities	19
10. MDDUS Vice-Chair – Role and responsibilities	20
11. MDDUS Senior Independent Director – Role and responsibilities	21
12. MDDUS Committee Chairs – Role and responsibilities	22
13. MDDUS Committee Vice-Chairs – Role and responsibilities	23
14. MDDUS Non-Executive Directors – Role and responsibilities	24

Agreed by the Board on 17.08.16 (v1)
25.09.20 (v7)
(As delegated by the Board on 04.09.20)

1. MDDUS Corporate governance – summary

Founded in 1902, MDDUS is a mutual defence organisation offering expert advice, assistance and indemnity cover to doctors, dentists and other healthcare professionals across the UK.

We are wholly owned by our membership – we have no shareholders and pay no dividends. A priority of the Board is protecting the mutual fund of subscriptions and other income to deliver our principal activity. This means the benefits of membership are discretionary as set out in our Articles of Association.

A private company limited by guarantee, MDDUS is the trading name of the holding company of the Group. There are four wholly owned subsidiaries: MDDUS Insurance Limited, an insurance company; MDDUS Services Limited, an insurance intermediary authorised by the Financial Conduct Authority; MDDUS Education Limited, a risk and training company; and MDDUS Property Limited, which oversees the management and performance of our investment property portfolio.

Although MDDUS is not listed on the London Stock Exchange, the Board is committed to a high standard of corporate governance. As a member of the Association of Financial Mutuals (**AFM**), we must apply and report against the principles of the new *AFM Corporate Governance Code* (January 2019) (**the Code**) – namely, purpose and leadership, Board composition, director responsibilities, opportunity and risk, remuneration, and stakeholder relationships and engagements. In doing so, the Board has regard to: the guidance provided in the Code; our business model, management and mutual ownership status; and the overriding statutory and fiduciary duties of a director. These principles are considered in turn in our most recent Annual Report and Accounts.

Our corporate governance arrangements were most recently reviewed and updated during 2020. A narrative report about our application of the Code is provided in our most recent Annual Report and Accounts.

MDDUS Board

The governing document of MDDUS is our Articles of Association. It provides that the business of MDDUS shall be managed by the Board, which has terms of reference and a schedule of matters reserved for its consideration / decision, e.g. the approval of strategy, substantive changes to the services provided to members and the Annual Report and Accounts.

Since the Annual General Meeting (**AGM**) in 2019, the Articles have contained no limit on the size of the Board. As at the end of that year, there were 16 directors, consisting of 12 Non-Executive Directors (**NEDs**) and four Executive Directors: the Chief Executive, the Finance Director, the Director of Advisory and Legal Services and the Special Executive Director (AGM 2020: 11 and three directors). Any voting member of MDDUS can stand for appointment to the Board at an AGM. The Articles now contain no limit on the number of 'external' non-clinical appointments to the Board. NEDs generally serve not more than three terms each of up to three years in office, subject to the succession planning needs of the Board. There is an agreement to reduce the size of the Board.

Biographies for our Directors are available on our website.

In addition to agreeing short-term appointments of NEDs between AGMs, the Board also appoints Directors to the positions of Chair, Vice-Chair and Senior Independent Director. The role of Chair is separate to that of Chief Executive and the profile for the former

distinguishes clearly between leading the Board and executive responsibility for the running of the business.

The Board has agreed a process for evaluating, in consecutive years, its performance and that of individual NEDs.

The Board usually meets six times a year and has a forward business programme, which helps to shape the agenda for each meeting, in consultation with the Chair, the Chief Executive / Secretary and the Deputy Company Secretary. A typical meeting will consider emerging strategic and policy matters, management information (including about progress against the business plan and the management accounts) and minutes of meetings of its committees and subsidiary boards.

MDDUS Board committees and groups

The Board is supported in its work by committees and executive groups. The membership of these bodies, and the Group's subsidiaries, is reviewed annually. All NEDs serve on at least one committee or group, but members of the Investment Committee cannot serve on the Audit and Risk Committee. The Executive Directors attend or are members of each committee or group.

The **Audit and Risk Committee** is charged with, amongst other things, reviewing the governance framework of the Group and any developments in governance 'good practice', considering the reports of the external and internal auditors and the executive's responses, endorsing the Annual Report and Accounts to the Board, endorsing the (re-)appointment of the External Auditor to the Board, and oversight of risk management and financial and other internal controls.

The **Investment Committee** is charged with, amongst other things, recommending to the Board the MDDUS Investment Strategy and the Investment Policy Statement and overseeing the performance of the Investment Advisers and Managers.

The **Remuneration and Nominations Committee** is charged with, amongst other things, determining and keeping under review the remuneration and terms and conditions of service of the senior Executive and NEDs, being consulted about our pay and reward practices and leading an open and transparent process to identify and nominate candidates to fill vacancies on the Board, its committees and subsidiaries. When nominating suitable candidates, the Committee takes into account the structure, size and diversity of the Group's governance framework and the current and potential needs of MDDUS. Diversity enables more effective discussions and better decision-making, so it is defined by the Committee in its widest sense, to include gender, social and ethnic background, and cognitive and personal strengths. Although all nominations are based on merit, the Committee aims to long-list candidates to maintain a Board membership of at least 50 per cent female NEDs, subject to the succession planning needs of the Board. There is a role profile for NEDs (and each of the Board's office holders) and an induction programme for new directors. The Committee is also responsible for determining, and reviewing the outcomes of, the processes to evaluate the performance of the NEDs.

The **Actuarial Reserving and Pricing Group (ARPG)** is charged with, amongst other things, reviewing and challenging the actuarial reserving and pricing processes, methodologies and assumptions used in setting the year-end actuarial reserves and pricing, and providing assurance that these have been properly reviewed internally and by external peer-reviewers. The Chief Executive is the Chair of the Group, which currently comprises the Chairs and Vice-Chairs of the Board, the Audit and Risk Committee and the Investment Committee.

The Executive

The Chief Executive leads our executive and is the Chair of the **Executive Committee**, which considers commercial, member-facing, operational and planning issues, the **Pre-Board Group**, which considers draft papers and other advice to the Board, and the **Executive Pricing Group**, which considers actuarial and pricing matters referred to it, for example, by the Board or the Executive Committee.

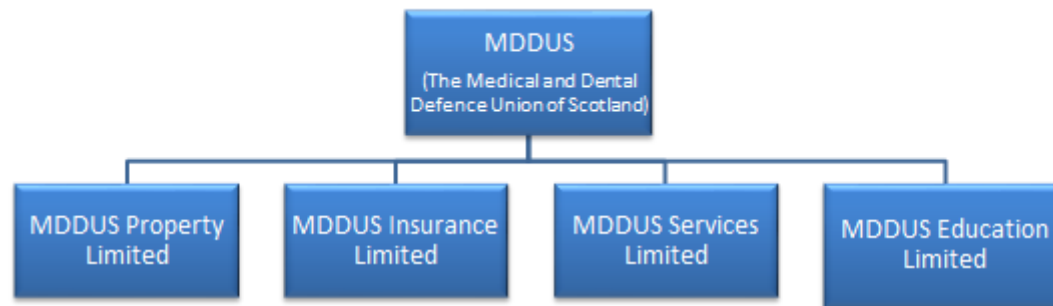
The Membership

MDDUS is wholly owned by the membership. Accordingly, the members are encouraged to support our 'good governance', for example, by standing for appointment to the Board and / or attending the AGM to receive the Annual Report and Accounts, to appoint NEDs and the External Auditor and to consider other resolutions. The Notice of the AGM and related papers are published at the earliest opportunity, whilst ensuring compliance with the NED appointment process.

For more information about our governance arrangements, please contact:

Bryan Hislop
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2. MDDUS Group corporate structure



3. MDDUS Governance structure



4. MDDUS Board – Terms of reference

Responsibilities

- 1) Subject to the provisions of the Companies Act 2006 (as amended), of the Articles of Association of MDDUS (the 'Articles') and of any direction effected by Special Resolution, the business of MDDUS shall be managed by the Board which may exercise all the powers of MDDUS. This business and these powers will include, but are not limited to, the matters expressly reserved to the Board.
- 2) These Terms of Reference will be reviewed at least annually, and will be updated as required by the Board (in consultation with the Audit and Risk Committee). They are expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles.

Authorities

- 3) A meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 4) The Board may delegate any of its powers in accordance with the Articles.

Membership and Attendees

- 5) The Board (including the Chair, Vice-Chair, Chief Executive, the Finance Director and any other ex officio director) shall be appointed and shall serve in accordance with the Articles.
- 6) Non-Directors will attend meetings at the invitation of the Chair.
- 7) The Chair will have the right to direct those attending a meeting to withdraw to facilitate the open and frank discussion of particular matters.

Meetings

- 8) The Board will normally meet six times a year, on dates and at times duly notified. In addition, any four Directors may, and the Secretary at the request of the Chair or Vice-Chair shall, call a meeting of the Board.
- 9) Meetings of the Board will be chaired by the Chair or, in their absence, the Vice-Chair. If there is no Chair or Vice-Chair, or either is unwilling to chair or is not present within 10 minutes after the time appointed for the holding of the meeting, the Directors present may appoint one of their number to preside at the meeting.
- 10) Decisions of the Board will normally be made by consensus, failing which by a majority of the Directors present and voting. In the case of an equality of votes, the Chair (or, in their absence, the Vice-Chair or other person chairing the meeting) will have a second, casting vote.
- 11) The quorum for a meeting of the Board will be five Directors, attending in person or by telephone or video conference, or by participating by a series of telephone calls from the Chair. The Board or a sole member of the Board may act notwithstanding any vacancies on the Board, but if the number of Directors is less than the quorum for the transaction

of business at meetings of the Board, the Board may act only for the purpose of filling vacancies on the Board or of calling a General Meeting of the Union.

12) Decisions of the Board may also be made by written resolution signed by two-thirds of the Directors.

13) The Secretary of the Board will be the Deputy Company Secretary.

Papers and Reporting

14) The agenda and other papers will normally be circulated to Directors five working days in advance of meetings of the Board.

15) The order of business at a meeting will follow the agenda, unless otherwise agreed by the Chair.

16) Papers will be taken as read and may only be tabled at a meeting with the prior permission of the Chair.

17) Minutes and actions arising from each meeting will be drafted by the Secretary within five working days.

18) The Board will agree an Annual Report and Financial Statements of MDDUS in accordance with the Companies Act 2006.

Agreed by the Board on 22.04.16
04.09.20

5. Schedule of matters reserved to the MDDUS Board

Subject to the Companies Act 2006 (as amended), the Articles of Association of MDDUS and of any direction effected by Special Resolution, the governance and oversight of MDDUS is vested in the Board of Directors. Operational management, on the other hand, has been delegated to the Chief Executive. The following matters reserved to the Board cannot be delegated, except as expressly stated (here or elsewhere).

1 Regulation and Control

- 1.1 Convening Annual General Meetings¹.
- 1.2 Approving the Board's own rules of procedure².
- 1.3 Approving the minutes of meetings of the Board.
- 1.4 Authorising any matter which would or might otherwise constitute or give rise to a breach of duty of a Director to avoid a direct or indirect interest that conflicts, or possibly may conflict, with the interests of MDDUS³.

2 Appointments

- 2.1 Recommending the appointment or re-appointment of Directors⁴.
- 2.2 Appointing any person who is willing to act to be a Director either to fill a vacancy or as an additional Director⁵.
- 2.3 Recommending the re-appointment of a Director who has already served a continuous period exceeding eight years to serve as a Director, where that Director's specific expertise and / or experience is necessary for the Board to fulfil its duties⁶.
- 2.4 Appointing and removing the Chair and Vice-Chair of the Board⁷.
- 2.5 Determining the remuneration for Directors⁸.
- 2.6 Delegating any of the Board's powers to Committees, Subcommittees or ad hoc Committees⁹, including approving their Terms of Reference and membership.
- 2.7 Approving the establishment or dissolution of subsidiary companies.
- 2.8 Appointing and removing the Chief Executive, the Finance Director¹⁰ and any other ex officio Director¹¹ and, if appointed separately, the Secretary¹².
- 2.9 Delegating any of the Board's powers to the Chief Executive, the Finance Director and any other ex officio Director, with powers to sub-delegate¹³.
- 2.10 Recommending the appointment of the External Auditor¹⁴.

References are to the MDDUS Articles of Association (approved on 19 June 2020).

¹ Article 11.2.

² Article 19.1.

³ Article 22.5 (subject to Companies Act 2006, s175).

⁴ Article 15.13(a) (subject to Article 15.13(b)).

⁵ Article 15.15.

⁶ Article 15.8.

⁷ Article 19.2.

⁸ Article 22.1 – delegated to the Remuneration and Nominations Committee under Article 18.2.

⁹ Article 18.2.

¹⁰ Articles 20-21 – terms and conditions of service delegated to the Remuneration and Nominations Committee under Article 18.2.

¹¹ Article 15.4.

¹² Article 24.1 – terms and conditions of service delegated to the Remuneration and Nominations Committee under Article 18.2.

¹³ Article 18.5.

¹⁴ The external auditor is appointed by the Members at General Meeting. The terms of engagement and remuneration are approved by the Audit and Risk Committee.

2.11 Inviting any person to be an Honorary Fellow of MDDUS¹⁵.

3 Strategy, Business plan and Budget

3.1 Approving the strategy.

3.2 Approving the business plan (including the budget).

4 Risk management

4.1 Approving the strategy and procedures for the management of risk.

4.2 Approving the Risk Register.

4.3 Approving the strategy and procedures for the management of health and safety.

5 Financial and Performance reporting arrangements

5.1 Monitoring the financial and non-financial performance of MDDUS by receiving papers as it sees fit from Committees, Subcommittees, the Executive and external advisers.

5.2 Overseeing the effective executive management of MDDUS.

5.3 Approving capital adequacy and accounting policies.

5.4 Approving and presenting the Annual Report and Financial Statements.

5.5 Approving expenditure that will have a major impact on the asset allocation within MDDUS' holdings.

5.6 Approving the settlement of claims above £1.5m¹⁶.

5.7 Approving and monitoring performance targets at the corporate level.

Indemnities and Membership

6.1 Approving the terms and conditions for granting indemnities by the Executive¹⁷.

6.2 Approving the criteria, requirements and qualifications for admitting to membership both Voting Members and Associate Members¹⁸.

6.3 Making any regulations prescribing a form or forms of application for membership, fixing the subscriptions or subscriptions for membership (including the date and period), prescribing any membership admission fee, and prescribing such other terms and conditions relating to membership¹⁹.

6.4 Terminating the membership of any member at any time²⁰.

6.5 Approving substantive changes to the services provided to members.

Miscellaneous

7.1 Calling upon the members to contribute a sum or sums to be paid at such time and place in addition to the subscription²¹.

7.2 Transferring the property of MDDUS upon its winding-up or dissolution to other bodies²².

Agreed by the Board on 22.04.16
04.09.20 (v3)

¹⁵ Article 23.

¹⁶ Delegated to the Chair of the Board (re-confirmed on 19.02.16).

¹⁷ Article 6.

¹⁸ Articles 7.3-7.5 (including 'Relevant Entities') (unless delegated under Article 7.6).

¹⁹ Article 8.1.

²⁰ Articles 10.2 and 10.4 (unless delegated under Article 10.5).

²¹ Article 9 (subject to Articles 9.2-9.4).

²² Article 4.

6. MDDUS Audit and Risk Committee – Terms of reference

Responsibilities

- 1) The Board has established an Audit and Risk Committee to consider and to offer its views about such matters concerning MDDUS or the MDDUS Group as may be referred to it by the Board or such other relevant matters as the Committee may determine, in accordance with these Terms of Reference and all relevant reservations and delegations of authorities.
- 2) These matters include, but are not limited to:
 - a. reviewing the governance framework of the Group and any developments in governance 'good practice'
 - b. risk management and financial and other internal controls (including the Risk Register and the Register of Directors' Interests)
 - c. accounting policies and the integrity of the Annual Report and Financial Statements and significant reporting financial judgements
 - d. monitoring the arrangements by which staff may, in confidence, raise concerns about possible improprieties in financial or other matters
 - e. recommending to the Board the (re-)appointment of the External Auditor and, following their (re-)appointment at the Annual General Meeting, approving their terms of engagement and remuneration
 - f. monitoring the effectiveness, independence and objectivity of the External Auditor
 - g. determining the approach for procuring internal audit services and overseeing tendering where appropriate
 - h. the purchase of non-audit services from contractors who provide audit services
 - i. monitoring the effectiveness and independence of the Internal Auditor
 - j. monitoring the effectiveness of the internal compliance function
 - k. the planned activity and reports of the External and Internal Auditors and the internal compliance function, and the Executive's response to issues identified by audit activity and the compliance function
 - l. considering, at least every five years, a re-tender of the External Auditor and Internal Auditor
 - m. the value for money of MDDUS activities.
- 3) These Terms of Reference will be reviewed at least annually by the Committee, and updated as required by the Board (in consultation with the Committee). They are expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles of Association of MDDUS.

Authorities

- 4) The authorities of the Committee include:
 - a. determining the approach for procuring internal audit services and overseeing tendering where appropriate

- b. requesting any information it requires from the Executive, all of whom are directed to co-operate with any such request for information
- c. procuring at the reasonable expense of MDDUS external independent professional advice or training relating to the work of the Committee.

Membership and Attendees

- 5) The Committee (including its Chair and Vice-Chair) will be appointed by the Board, in consultation with the Remuneration and Nominations Committee, but will not include the Chair and Vice-Chair of the Board, members of the Investment Committee or Executive Directors.
- 6) The Committee as a whole will have competence relevant to the sector in which MDDUS operates. In addition, at least one member of the Committee should have recent and relevant financial experience.
- 7) The majority of the Committee (including its non-executive Chair) will be Non-Executive Directors.
- 8) The Chief Executive, the Finance Director, the Group Director of Governance and representatives of the External and Internal Auditors will generally attend meetings of the Committee, at the invitation of the Chair of the Committee. Other non-members of the Committee will attend meetings at the invitation of the Chair of the Committee.
- 9) The Chair of the Committee will have the right to direct those attending a meeting to withdraw to facilitate the open and frank discussion of particular matters. In particular, at least annually, the Chair will direct the Executive to withdraw during private discussions with either or both the External and Internal Auditors. Additionally, auditors will not be present during discussion of their own remuneration.

Meetings

- 10) The Committee will normally meet four times a year, at appropriate intervals in the financial reporting and audit cycle.
- 11) Meetings of the Committee will be chaired by its Chair or, in their absence, its Vice-Chair.
- 12) Decisions of the Committee will normally be made by consensus, failing which by a majority of the members of the Committee present and voting. In the case of an equality of votes, its Chair (or, in their absence, the Vice-Chair) will have a second, casting vote.
- 13) The quorum for a meeting of the Committee will be three members (the majority of whom must be Non-Executive Directors, including either the Chair or the Vice-Chair of the Committee), attending in person or by telephone or video conference, or by participating by a series of telephone calls from the Chair of the Committee. Where a meeting is not quorate, provisional decisions must be presented for ratification at the next meeting of the Committee.
- 14) Decisions of the Committee may also be made by written resolution signed by two-thirds of the members of the Committee.
- 15) The Secretary of the Committee will be the Deputy Company Secretary.

Papers and Reporting

- 16) The agenda and other papers will normally be circulated to members five working days in advance of meetings of the Committee.
- 17) The order of business at a meeting will follow the agenda, unless otherwise agreed by the Chair of the Committee.
- 18) Papers will be taken as read and may only be tabled at a meeting with the prior permission of the Chair of the Committee.
- 19) Minutes and actions arising from each meeting will be drafted by the Secretary within five working days.
- 20) The Chair of the Committee will present a report about each meeting of the Committee (including, in due course, the minutes) to the next meeting of the Board.
- 21) The Chair of the Committee will present a written report about the activities of the Committee in the Annual Report and Financial Statements of MDDUS.

Agreed by the Board on 22.04.16
04.09.20 (v4)

7. MDDUS Investment Committee – Terms of reference

Responsibilities

- 1) The Board has established an Investment Committee to consider and to offer its views about such matters concerning MDDUS or the MDDUS Group as may be referred to it by the Board or such other relevant matters as the Committee may determine, in accordance with these Terms of Reference and all relevant reservations and delegations of authorities.
- 2) These matters include, but are not limited to:
 - a. determining, and recommending to the Board, the MDDUS Investment and Asset Allocation Strategy
 - b. determining, and recommending to the Board, all relevant policies relating to investment matters, including the MDDUS Investment Policy Statement
 - c. appointing and removing the External Investment Managers and Investment Advisers and approving their terms of engagement and remuneration
 - d. considering, at least every five years, a re-tender of the Investment Advisers
 - e. setting the reporting framework for and monitoring the performance of the External Investment Managers and Investment Advisers
 - f. receiving and considering, at least annually, the investment return on the property portfolio, as prepared by the Board of MDDUS Property Limited.
- 3) The Committee must at all times operate within a risk appetite defined by the Board.
- 4) These Terms of Reference will be reviewed at least annually by the Committee, and updated as required by the Board (in consultation with the Audit and Risk Committee). They are expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles of Association of MDDUS.

Authorities

- 5) The authorities of the Committee include:
 - a. appointing and removing the External Investment Managers and Investment Advisers, approving their terms of engagement and remuneration and setting their reporting framework
 - b. requesting any information it requires from the Executive, all of whom are directed to co-operate with any such request for information
 - c. procuring at the reasonable expense of MDDUS external independent professional advice or training relating to the work of the Committee.

Membership and Attendees

- 6) The Committee (including its Chair and Vice-Chair) will be appointed by the Board, in consultation with the Remuneration and Nominations Committee, but will not include members of the Audit and Risk Committee. The Chair of the Board and the Finance Director will be members of the Committee.

- 7) The majority of the Committee (including its non-executive Chair) will be Non-Executive Directors.
- 8) The Chief Executive and representatives of the Investment Advisers will generally attend meetings of the Committee, at the invitation of the Chair of the Committee. Other non-members of the Committee will attend meetings at the invitation of the Chair of the Committee.
- 9) The Chair of the Committee will have the right to direct those attending a meeting to withdraw to facilitate the open and frank discussion of particular matters.

Meetings

- 10) The Committee will meet at least three times a year, subject to its annual business programme.
- 11) Meetings of the Committee will be chaired by its Chair or, in their absence, its Vice-Chair.
- 12) Decisions of the Committee will normally be made by consensus, failing which by a majority of the members of the Committee present and voting. In the case of an equality of votes, its Chair (or, in their absence, its Vice-Chair) will have a second, casting vote.
- 13) The quorum for a meeting of the Committee will be three members (the majority of whom must be Non-Executive Directors, including either the Chair or the Vice-Chair of the Committee), attending in person or by telephone or video conference, or by participating by a series of telephone calls from the Chair of the Committee. Where a meeting is not quorate, provisional decisions must be presented for ratification at the next meeting of the Committee.
- 14) Decisions of the Committee may also be made by written resolution signed by two-thirds of the members of the Committee.
- 15) The Secretary of the Committee will be the PA to the Finance Director.

Papers and Reporting

- 16) The agenda and other papers will normally be circulated to members five working days in advance of meetings of the Committee.
- 17) The order of business at a meeting will follow the agenda, unless otherwise agreed by the Chair of the Committee.
- 18) Papers will be taken as read and may only be tabled at a meeting with the prior permission of the Chair of the Committee.
- 19) Minutes and actions arising from each meeting will be drafted by the Secretary within five working days.
- 20) The Chair of the Committee will present a report about each meeting of the Committee (including, in due course, the minutes) to the next meeting of the Board.

Agreed by the Board on 22.04.16
04.09.20 (v4)

8. MDDUS Remuneration and Nominations Committee – Terms of reference

Responsibilities

- 1) The Board has established a Remuneration and Nominations Committee to consider and to offer its views about such matters concerning MDDUS or the MDDUS Group as may be referred to it by the Board or such other relevant matters as the Committee may determine, in accordance with these Terms of Reference and all relevant reservations and delegations of authorities.
- 2) These matters include, but are not limited to:
 - a. determining, and keeping under review, the remuneration and terms and conditions of service of the Executive and Non-Executive Directors of the Board and its subsidiaries, and such other posts as may from time to time be determined
 - b. being consulted about the MDDUS pay strategy (including employment benefits)
 - c. being advised about the annual pay uplift
 - d. considering, and recommending to the Board, any remuneration reporting to the membership
 - e. leading an open and transparent process to identify, and recommending to the Board, diverse candidates to fill vacancies on the Board, its Committees and subsidiaries
 - f. considering, and recommending to the Board, whether to re-appoint Non-Executive Directors at the conclusion of their specified term of office
 - g. reviewing the composition and size of the Board, its Committees and subsidiaries (including the skills, knowledge, experience and diversity of members), planning for the succession of Directors (including the Chair and Vice-Chair of the Board), and making recommendations to the Board, as required
 - h. determining, and reviewing the results of, the regular process to evaluate the performance of Non-Executive Directors
 - i. being advised about the Senior Executive succession plan.
- 3) For the purpose of these Terms of Reference, 'diverse' and 'diversity' includes, but is not limited to, gender, social and ethnic backgrounds, and cognitive and personal strengths, subject to all appointments being based on merit.
- 4) The appointment and removal of the Chair and Vice-Chair of the Board are matters reserved to the Board.
- 5) These Terms of Reference will be reviewed at least annually by the Committee, and updated as required by the Board (in consultation with the Audit and Risk Committee). They are expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles of Association of MDDUS.

Authorities

- 6) The authorities of the Committee include:

- a. determining the remuneration and terms and conditions of service of the Executive and Non-Executive Directors of the Board and its subsidiaries, and such other posts as may from time to time be determined
- b. requesting any information it requires from the Executive, all of whom are directed to co-operate with any such request for information
- c. procuring at the reasonable expense of MDDUS external independent professional advice or training relating to the work of the Committee.

Membership and Attendees

- 7) The Committee (including its Chair and Vice-Chair) will be appointed by the Board, but will not include Executive Directors. The Chair and Vice-Chair of the Board will be members of, but will not chair, the Committee.
- 8) The majority of the Committee (including its non-executive Chair) will be Non-Executive Directors.
- 9) The Chief Executive, the Director of People and Corporate Services and the Group Director of Governance will generally attend meetings, at the invitation of the Chair of the Committee. Other non-members of the Committee will attend meetings at the invitation of the Chair of the Committee.
- 10) The Chair of the Committee will have the right to direct those attending a meeting to withdraw to facilitate the open and frank discussion of particular matters.

Meetings

- 11) The Committee will normally meet twice a year.
- 12) Decisions of the Committee will normally be made by consensus, failing which by a majority of the members of the Committee present and voting. In the case of an equality of votes, its Chair (or, in their absence, its Vice-Chair) will have a second, casting vote.
- 13) The quorum for a meeting of the Committee will be three members (the majority of whom must be Non-Executive Directors, including either the Chair or the Vice-Chair of the Committee), attending in person or by telephone or video conference, or by participating by a series of telephone calls from the Chair of the Committee. Where a meeting is not quorate, provisional decisions must be presented for ratification at the next meeting of the Committee.
- 14) Decisions of the Committee may also be made by written resolution signed by two-thirds of the members of the Committee.
- 15) The Secretary of the Committee will be the Deputy Company Secretary.

Papers and Reporting

- 16) The agenda and other papers will normally be circulated to members five working days in advance of meetings of the Committee.
- 17) The order of business at a meeting will follow the agenda, unless otherwise agreed by the Chair of the Committee.
- 18) Papers will be taken as read and may only be tabled at a meeting with the prior permission of the Chair of the Committee.

- 19) Minutes and actions arising from each meeting will be drafted by the Secretary within five working days.
- 20) The Chair of the Committee will present a report about the nominations-related activities of each meeting of the Committee to the next meeting of the Board.
- 21) The Chair of the Committee will present an annual written report about the remuneration-related activities of the Committee to the Board.

Agreed by the Board on 24.04.20
04.09.20

9. MDDUS Chair – Role and responsibilities

The Chair is responsible for promoting the highest standards of corporate governance, integrity and probity and creating the conditions for overall Board and individual Director effectiveness, both inside and outside the Boardroom.

In particular, it is the responsibility of the Chair to:

- provide coherent leadership of the Board
- promote effective relationships and open communication, both inside and outside the Boardroom, between Non-Executive Directors, the Executive team and MDDUS members
- encourage active engagement by all Directors
- chair meetings of the Board and set the agenda, which should take full account of the issues and the concerns of all Directors, ensure that the Board is forward looking and concentrate on strategic matters
- ensure that Directors receive accurate, timely and clear information, in particular about performance, to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of MDDUS
- manage the Board to ensure that sufficient time is allowed for early formal and informal discussion of complex or contentious issues
- take the lead in providing a properly constructed induction programme for new Directors that is comprehensive, formal and tailored, facilitated by the Chief Executive and Deputy Company Secretary
- take the lead in identifying and meeting the development needs of individual Directors, facilitated by the Chief Executive and Deputy Company Secretary
- lead the process, with the support of the Vice-Chair, of evaluating the performance of the Board and its Committees, and individual Directors, in alternate years
- serve as a Member of the Investment and Remuneration and Nominations Committees
- chair the General Meetings of MDDUS.

The role and responsibilities of MDDUS Non-Executive Directors apply also to the MDDUS Chair.

The Chair is appointed by the Board from amongst its Non-Executive Directors, having regard to their independence and any recommendations or succession plans provided by the Remuneration and Nominations Committee.

The Chair may serve a maximum of two terms each of up to three years in office, running concurrently with their service as a Director, but with the option, in exceptional circumstances agreed by the Board, to extend the appointment by up to three further consecutive terms of one year in office (subject to Article 15.8).

Agreed by the Board 22.04.16
04.09.20 (v3)

10. MDDUS Vice-Chair – Role and responsibilities

The Vice-Chair is responsible for supporting and giving guidance to the Chair.

In particular, it is the responsibility of the Vice-Chair:

- in the absence of the Chair, to chair the meetings of the Board and General Meetings of MDDUS
- in the event of the prolonged absence of the Chair, to assume all the responsibilities of the Chair until such times as the Chair returns or a new Chair is appointed by the Board
- to support the Chair by leading or giving guidance about such activities or matters requested by the Chair.

The role and responsibilities of MDDUS Non-Executive Directors apply also to the MDDUS Vice-Chair.

The Vice-Chair is appointed by the Board from amongst its Non-Executive Directors, having regard to their independence and any recommendations or succession plans provided by the Remuneration and Nominations Committee.

The Vice-Chair may serve a maximum of two terms each of up to three years in office, running concurrently with their service as a Director, but with the option, in exceptional circumstances agreed by the Board, to extend the appointment by up to three further consecutive terms of one year in office (subject to Article 15.8).

Agreed by the Board on 22.04.16
04.09.20 (v3)

11. MDDUS Senior Independent Director – Role and responsibilities

The Senior Independent Director is responsible for supporting and giving guidance to the Chair.

In particular, it is the responsibility of the Senior Independent Director to:

- act as a sounding board for the Chair
- serve as an intermediary between the other Directors when necessary
- meet the other Directors annually in the absence of the Chair to appraise their performance and to feedback accordingly
- mentor new Non-Executive Directors
- act as the independent point of contact in accordance with MDDUS' Disclosure of Malpractice or Impropriety Policy (Whistleblowing)
- consider, and where relevant respond to, complaints or expressions of dissatisfaction referred by the Chief Executive
- support the Chair by leading or giving guidance about such activities or matters requested by the Chair.

The role and responsibilities of MDDUS Non-Executive Directors apply also to the MDDUS Senior Independent Director.

The Senior Independent Director is appointed by the Board from amongst its Non-Executive Directors, having regard to their independence and any recommendations or succession plans provided by the Remuneration and Nominations Committee.

The Senior Independent Director may serve a maximum of two terms each of up to three years in office, running concurrently with their service as a Director, but with the option, in exceptional circumstances agreed by the Board, to extend the appointment by up to three further consecutive terms of one year in office (subject to Article 15.8).

Agreed by the Board on 22.04.16
04.09.20 (v3)

12. MDDUS Committee Chairs – Role and responsibilities

Committee Chairs are responsible for promoting the highest standards of corporate governance, integrity and probity on their Committees and creating the conditions for overall Committee and individual Committee Member effectiveness.

It is the responsibility of Committee Chairs to:

- chair the Committee and set its agenda, which should take full account of the issues and the concerns of all Committee Members
- ensure that the Committee discharges its full remit, whilst acting within its terms of reference
- ensure that Committee Members receive accurate, timely and clear information, to enable the Committee to take sound decisions, monitor effectively and provide advice to promote the success of MDDUS
- ensure that the Committee accesses any necessary external professional advice to aid the discharge of its functions and that the effectiveness and value of suppliers of that advice is regularly evaluated
- manage the Committee to ensure that sufficient time is allowed for early formal and informal discussion of complex or contentious issues
- take the lead in providing a properly constructed induction programme for new Committee Members that is comprehensive, formal and tailored, facilitated by the Chief Executive and Deputy Company Secretary
- take the lead in identifying and meeting the development needs of individual Committee Members, facilitated by the Chief Executive and Deputy Company Secretary.

Committee Chairs are appointed by the Board from amongst its Non-Executive Directors, having regard to their independence and any recommendations or succession plans provided by the Remuneration and Nominations Committee.

Committee Chairs may serve a maximum of two terms each of up to three years in office, running concurrently with their service as a Committee Member, but with the option, in exceptional circumstances agreed by the Board, to extend the appointment as a Committee Member and Chair by up to three further consecutive terms of one year in office (subject to Article 15.8).

Agreed by the Board on 22.04.16
04.09.20 (v3)

13. MDDUS Committee Vice-Chairs – Role and responsibilities

Committee Vice-Chairs are responsible for supporting and giving guidance to their Committee Chair.

In particular, it is the responsibility of Committee Vice-Chairs:

- in the absence of the Chair, to chair the Committee
- in the event of the prolonged absence of the Chair, to assume all the responsibilities of the Chair until such times as the Chair returns or a new Chair is appointed by the Board
- to support the Chair by leading or giving guidance about such activities or matters requested by the Chair.

Committee Vice-Chairs are appointed by the Board from amongst its Non-Executive Directors, having regard to their independence and any recommendations or succession plans provided by the Remuneration and Nominations Committee.

Committee Vice-Chairs may serve a maximum of two terms each of up to three years in office, running concurrently with their service as a Committee Member, but with the option, in exceptional circumstances agreed by the Board, to extend the appointment as a Committee Member and Vice-Chair by up to three further consecutive terms of one year in office (subject to Article 15.8).

Agreed by the Board on 22.04.16
04.09.20 (v3)

14. MDDUS Non-Executive Directors – Role and responsibilities

MDDUS Directors must have particular regard to the general duties of directors in Part 10 of the Companies Act 2006, including the duty to act in the way they consider, in good faith, would be most likely to promote the success of MDDUS for the benefit of its members as a whole. In doing so, they must have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of MDDUS' employees
- the need to foster MDDUS' business relationships with suppliers, customers and others
- the impact of MDDUS' operations on the community and the environment
- the desirability of MDDUS maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of MDDUS.

In particular, it is the responsibility of MDDUS Directors to:

- uphold the highest ethical standards of integrity and probity
- set MDDUS' values and standards and ensure that its obligations to members and others are understood and met
- provide leadership of MDDUS within a framework of prudent and effective controls, which enable risk to be assessed and managed
- help develop and update MDDUS' strategic objectives
- ensure that the necessary financial and human resources are in place for MDDUS to meet its objectives
- review and challenge the performance of management in meeting agreed goals and objectives and to monitor the reporting of performance
- satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible
- satisfy themselves on the robustness of processes for the appointment, and where necessary the removal, of Executive Directors and for succession planning
- understand, exercise powers under and abide by MDDUS' Articles of Association
- serve on at least one Committee of the Board and / or a subsidiary Board of MDDUS
- attend Board 'away days', presentations and dinners
- devote time to developing and refreshing their relevant knowledge and skills
- commit sufficient time to fulfil their role and responsibilities effectively.

Directors are appointed in accordance with the Articles of Association of MDDUS.

Committee Members are appointed to a Committee for up to two terms each of not more than three years in office (unless appointed as a Committee Chair or Vice-Chair).

Agreed by the Board on 22.04.16
04.09.20