



GOVERNANCE HANDBOOK

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Agreed by the Board on 17.08.16 (v1)
27.09.23 (v16)

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. Our purpose is to protect healthcare professionals throughout their careers.

We are wholly owned by our members – 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 governing document, the Articles of Association (**'the Articles'**).

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 (**MIL**), our commercial insurance company that is licensed by the Guernsey Financial Services Commission; MDDUS Services Limited, our UK-based insurance intermediary that places business with MIL and is authorised by the Financial Conduct Authority; MDDUS Education Limited, our education and training company; and MDDUS Property Limited, which oversees the management and performance of our investment property portfolio.

The Board of Directors is committed to leading, controlling and directing MDDUS in accordance with a recognised corporate governance framework. As a member of the Association of Financial Mutuals (**AFM**), we apply the principles of the *AFM Corporate Governance Code* (**'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.

Our corporate governance arrangements are kept under regular review. A more detailed report about our governance arrangements and the application of the Code is provided in our most recent Annual Report and Accounts.

MDDUS Board

The Articles provide 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.

Any voting member of MDDUS can stand for appointment to the Board at an Annual General Meeting (**AGM**). As at the end of 2022, there were 12 directors, comprising nine Non-Executive Directors (**NEDs**) and three Executive Directors: the Chief Executive, the Finance Director, and the Director of Professional Services and General Counsel.

Collectively, the Directors bring experience from the fields of acute and primary care, dentistry, business development, financial services, actuarial science and corporate law. NEDs generally serve not more than three terms of up to three years in office, subject to the succession planning needs of the Board. All NEDs were 'independent', having served nine years or less since their first appointment to the Board.

Biographies for our Directors are available on our website.

In addition to agreeing pre-AGM appointments of NEDs, the Board 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 the executive responsibility for running the business.

There is an agreed process for evaluating the performance of the Board, its committees and subsidiaries, and individual NEDs.

The Board usually meets five times a year and has a forward business programme, which helps the Chair, Chief Executive and Company Secretary to shape the agenda for each meeting. A typical meeting will consider emerging strategic and policy matters, progress against the business plan, management information, and minutes and verbal updates from meetings of its committees and subsidiary boards.

MDDUS Board committees

The Board is supported in its work by committees. The role and membership of Board committees, and the Group's subsidiaries, is reviewed annually. All NEDs serve on at least one committee. Executive Directors and the Company Secretary attend or are members of each committee.

The **Audit and Risk Committee** is charged with, amongst other things: reviewing the governance arrangements of the Group and any developments in governance 'good practice'; considering the reports of the external and internal auditors, and the internal compliance function, and the executive's responses; reviewing and 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 and accounting policies.

The **Investment Committee** is charged with, amongst other things, recommending the Investment Strategy to the Board and overseeing the performance of the investment 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 NEDs and Executive Directors; being consulted about the Group remuneration strategy; 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 composition and size of the Board (including the skills, knowledge, experience and diversity of directors), 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. We aim to maintain at least 50 percent female directors. The Committee aims to long-list candidates in light of the succession planning needs of the Board, and to develop the diversity of the Board across all areas. All nominations are based on merit. 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 results of, the processes to evaluate the performance of the Board, its committees and subsidiaries, and individual NEDs.

The responsibilities of the former **Actuarial Reserving and Pricing Committee (ARPC)** are being transferred to other committees and the executive during 2023.

The Executive

The Chief Executive leads our executive and is the chair of the **Executive Committee**, which considers operational and planning issues, and the **Pre-Board Group**, which considers draft papers and other advice to the Board. The Director of Professional Services and the Finance Director chair, respectively, the **Commercial Delivery Board** and the **Internal Delivery Board**, both of which report to the Executive Committee.

The Membership

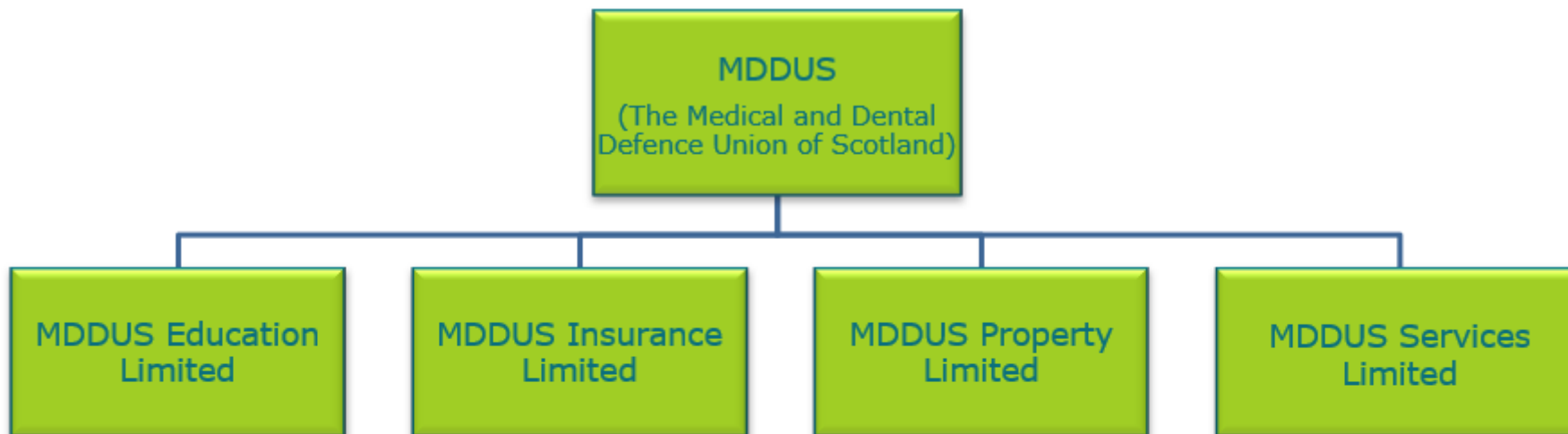
MDDUS is wholly owned by our members. Accordingly, the members are encouraged to support our 'good governance', for example, by standing for appointment to the Board and / or attending the AGM to receive the Annual Report, to appoint NEDs and the external auditor, and to consider other resolutions. The 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:

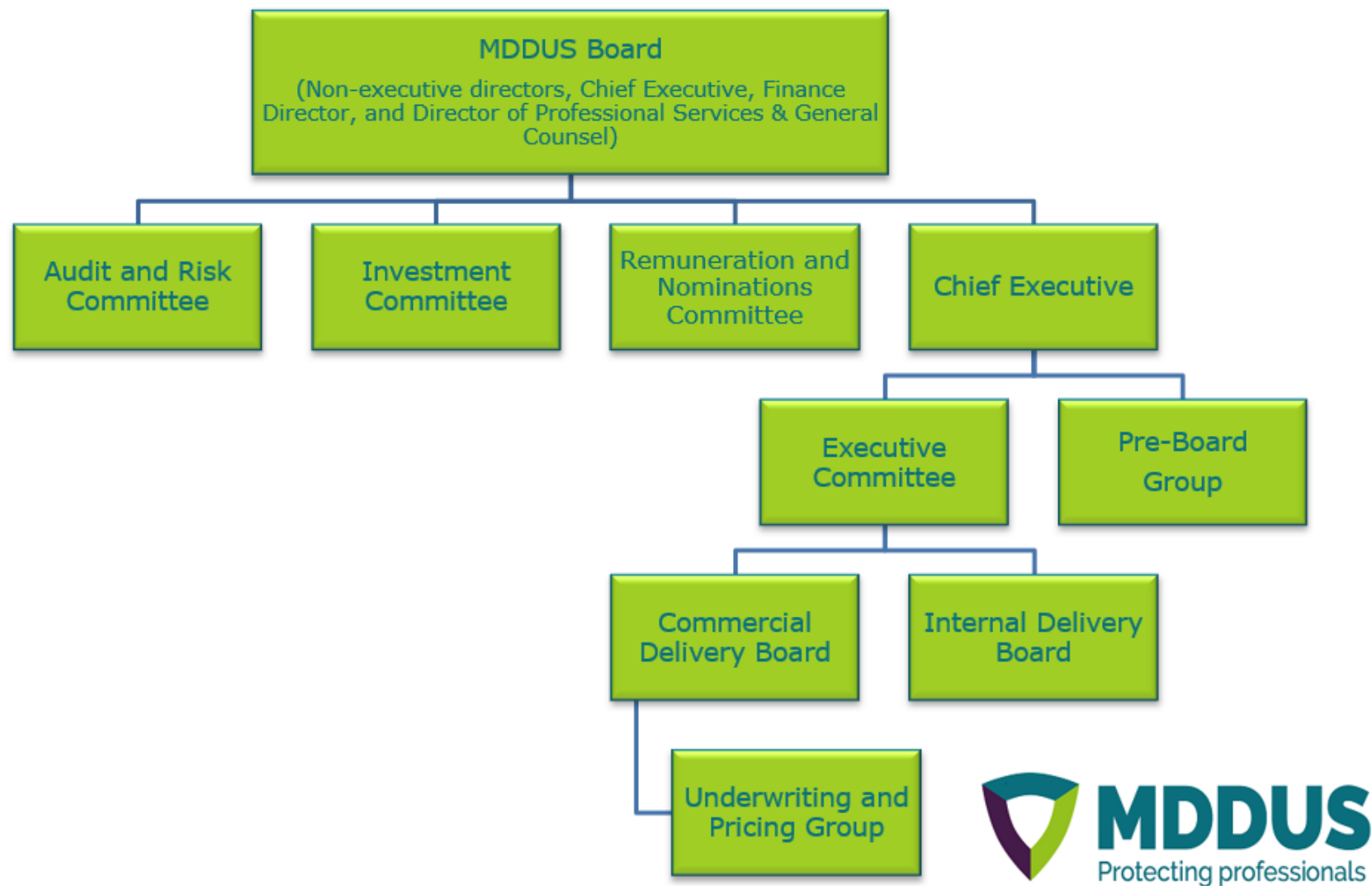
Bryan A. Hislop
Company Secretary
0141 228 1255 / secretary@mddus.com

Based on the MDDUS Annual Report and Accounts 2022
BH 05.01.23
04.07.23 (v2)

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), the Articles of Association of MDDUS (the 'Articles') and 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 by the Audit and Risk Committee and updated as required by the Board. 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 authorise and exercise all powers that may be exercised 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 / Executive Director) shall be appointed and shall serve in accordance with the Articles.
- 6) A Senior Independent Director may be appointed by the Board.
- 7) The Board as a whole will have the skills, knowledge, experience and diversity relevant to the members, sectors and jurisdictions in which MDDUS and its subsidiary companies operate. For the purpose of these Terms of Reference, 'diversity' includes, but is not limited to, gender, social and ethnic backgrounds, and cognitive and personal strengths.
- 8) Non-Directors will attend meetings at the invitation of the Chair.
- 9) The Chair 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 require some or all of the executive to withdraw during private discussions of the non-executive Directors and in discussions about executive remuneration.

Meetings

- 10) The Board will normally meet five 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.
- 11) 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.
- 12) 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.

- 13) The quorum for a meeting of the Board will be five Directors, the majority of whom must be non-executive 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 Director 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 or a sole Director may act only for the purpose of filling vacancies on the Board or of calling a General Meeting of MDDUS.
- 14) Decisions of the Board may also be made by written resolution signed by two-thirds of the Directors.
- 15) The Secretary of the Board will be the Company Secretary.

Papers and Reporting

- 16) The agenda and other papers will normally be circulated to Directors five working days in advance of meetings of the Board.
- 17) The order of business at a meeting will follow the agenda, unless otherwise agreed by the Chair.
- 18) Papers will be taken as read and may only be tabled at a meeting with the prior permission of the Chair.
- 19) Minutes and actions arising from each meeting will be drafted by the Secretary within five working days.
- 20) The Board will agree an Annual Report and Financial Statements of MDDUS in accordance with the Companies Act 2006 (as amended).

Agreed by the Board on 22.04.16
23.06.23 (v4)

5. Schedule of matters reserved to the MDDUS Board

Subject to the provisions of the Companies Act 2006 (as amended), the Articles of Association of MDDUS (the 'Articles') and 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 agreed by the Board and expressly stated (here or elsewhere).

This schedule of matters reserved to the Board will be reviewed at least annually by the Audit and Risk Committee and updated as required by the Board. This schedule is expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles.

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 Board³.
- 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 MDDUS⁴.

2 Appointments

- 2.1 Recommending the appointment or re-appointment of a Director⁵.
- 2.2 Appointing any person who is willing to act to be a Director either to fill a vacancy or as an additional Director⁶.
- 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 duties⁷.
- 2.4 Appointing and removing the Chair and Vice-Chair of the Board⁸.
- 2.5 Determining the remuneration for Directors⁹.
- 2.6 Determining the remuneration for the Secretary¹⁰.
- 2.7 Delegating any of the Board's powers to Committees, Subcommittees or ad hoc Committees¹¹, including approving their rules of procedure and membership.
- 2.8 Appointing and removing the Chief Executive and the Finance Director¹², any other ex officio Director / Executive Director¹³ and, if appointed separately, the Secretary¹⁴.

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

¹ Article 11.2.

² Article 19.1.

³ Article 16.

⁴ Article 22.5 (subject to Companies Act 2006, s175).

⁵ Article 15.13(a) (subject to Article 15.13(b)).

⁶ Article 15.15.

⁷ Article 15.8.

⁸ Article 19.2.

⁹ Article 22.1 – delegated to the Remuneration and Nominations Committee (RNC) under Article 18.2.

¹⁰ Article 24.1 – delegated by the Board to the Chief Executive (30 October 2020).

¹¹ Article 18.2.

¹² Articles 20-21 – terms and conditions of service delegated to the RNC under Article 18.2.

¹³ Article 15.4 – terms and conditions of services delegated to the RNC under Article 18.2.

¹⁴ Article 24.1 – terms and conditions of service delegated to the RNC under Article 18.2 (see also FN10).

- 2.9 Delegating any of the Board's powers to the Chief Executive, the Finance Director and any other ex officio Director / Executive Director, with powers to sub-delegate¹⁵.
- 2.10 Approving the establishment or dissolution of subsidiary companies, including endorsing their rules of procedure and the membership of boards.
- 2.11 Recommending the appointment of the External Auditor¹⁶.
- 2.12 Inviting any person to be an Honorary Fellow of MDDUS¹⁷.

3 Strategy, Business plan and Budget

- 3.1 Approving the strategy.
- 3.2 Approving the annual business plan (including the budget).

4 Risk management

- 4.1 Approving the strategy for the management of risk, in particular the Risk Management Policy and the Risk Registers; and noting the Own Risk and Solvency Assessment report¹⁸.
- 4.2 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, ad hoc Committees, the Executive and external advisers.
- 5.2 Overseeing the effective executive management of MDDUS.
- 5.3 Approving capital adequacy, accounting and investment / asset allocation strategies.
- 5.4 Approving and presenting the Annual Report and Financial Statements¹⁹.
- 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 £1.5m²⁰.
- 5.7 Approving and monitoring performance targets at the corporate level.

6 Indemnities and Membership

- 6.1 Approving the terms and conditions for granting indemnities and/or insurance²¹.
- 6.2 Approving the criteria, requirements and qualifications for admitting members²².
- 6.3 Making any regulations prescribing 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 membership²³.
- 6.4 Terminating the membership of any member at any time²⁴.
- 6.5 Approving substantive changes to the services provided to members.

¹⁵ Article 18.5.

¹⁶ 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.

¹⁷ Article 23.

¹⁸ The Board agreed its responsibility for 'noting' the (voluntary) ORSA report at its meeting on 23 June 2023.

¹⁹ Article 26.

²⁰ Delegated to the Chair of the Board (re-confirmed on 19.02.16).

²¹ Article 6.

²² Articles 7.3-7.5 (including 'Relevant Entities') (unless delegated under Article 7.6).

²³ Article 8.1 – the implementation of Article 8.1 was delegated by the Board to the Executive Directors, subject to this being within a pricing framework and specific guardrails agreed by the Board from time to time and at least annually, underpinned by regular reporting to provide effective oversight (23 April 2021).

²⁴ Articles 10.2 and 10.4 (unless delegated under Article 10.5).

7 Miscellaneous

- 7.1 Calling upon the members to contribute a sum or sums to be paid at such time and place in addition to their subscriptions²⁵.
- 7.2 Transferring the property of MDDUS upon its winding-up or dissolution to similar bodies or those with charitable purposes²⁶.

Agreed by the Board on 22.04.16
23.06.23 (v6)

²⁵ Article 9 (subject to Articles 9.2-9.4).

²⁶ Article 4.

6. MDDUS Audit and Risk Committee – Terms of reference

Responsibilities

- 1) The MDDUS Group Board has established an Audit and Risk Committee to consider and to offer its views about such matters concerning MDDUS or the Group as may be referred to it by the Group or a subsidiary board or committee, 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, and making recommendations to the relevant boards about, the governance framework of the Group and any developments in governance 'good practice'
 - b. monitoring financial and other internal controls (including the Register of Directors' Interests)
 - c. monitoring accounting policies
 - d. reviewing, commenting and endorsing to the Group Board the integrity of the Annual Report and Financial Statements of the Group and significant reporting financial judgements
 - e. considering recommendations from the Actuarial Reserving and Pricing Committee about the assumptions and methodologies to be used in calculating the actuarial provisions to be included in the Annual Report and Financial Statements and reporting its conclusions to the Group Board
 - f. reviewing, and making recommendations to the relevant boards about, the Risk Management Policy and risk register reports
 - g. determining the own risk and solvency assessment (ORSA) process and reviewing and recommending to the Group Board the annual ORSA report
 - h. reviewing, commenting and endorsing to the relevant board all regulatory policies arising from authorisation by the Financial Conduct Authority, the Guernsey Financial Services Commission and other regulators
 - i. monitoring the arrangements by which staff may, in confidence, raise concerns about possible improprieties in financial or other matters
 - j. recommending to the relevant boards the (re-)appointment of the External Auditor and, following their (re-)appointment at the Annual General Meeting, approving their terms of engagement and remuneration
 - k. monitoring the effectiveness, independence and objectivity of the External Auditor
 - l. monitoring the purchase of non-audit services from contractors who provide audit services
 - m. monitoring the effectiveness and independence of the Internal Auditor
 - n. monitoring the effectiveness and independence of the risk and internal compliance functions
 - o. determining the planned activity of, and reviewing the reports from, the External and Internal Auditors and the internal compliance function, and reviewing the Executive's response to issues identified by audit activity and the compliance function

- p. considering, at least every five years, and where relevant determining and overseeing, the approach for procuring value for money external and internal audit services
 - q. reviewing the reports from the annual Professional Services teams' audits
 - r. reviewing and commenting on the appropriateness of processes and controls for ensuring value for money of the Group's activities.
- 3) These Terms of Reference will be reviewed at least annually by the Committee, and updated as required by the Group 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. determining the planned activity of the External and Internal Auditors and the internal compliance function
 - c. determining the approach for procuring external and internal audit services
 - d. requesting any information it requires from the Executive, all of whom are directed to co-operate with any such request for information
 - e. 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 Group Board, in consultation with the Remuneration and Nominations Committee, but will not include the Chair of the Board. The Audit and Risk Committee and the Investment Committee must have separate chairs.
- 6) The Committee as a whole will have competence relevant to the sector in which the Group 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 Director of Professional Services and General Counsel, 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. The Auditors will not be present during discussion of their own performance or 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, where necessary (for example, due to the Chair's absence or conflicts of interests), 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, where necessary, 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 and not members of the Investment Committee, 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 or, where necessary, Vice-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 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 Group 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
24.02.23 (v8)

7. MDDUS Investment Committee – Terms of reference

Responsibilities

- 1) The Group 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 Group or a subsidiary board or committee, 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 Group Board, the MDDUS investment and asset allocation strategy
 - b. determining, and recommending to the Group Board, 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, a report on 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 Group Board.
- 4) These Terms of Reference will be reviewed at least annually by the Committee, and updated as required by the Group 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 and approving their terms of engagement and remuneration
 - b. setting the reporting framework for the External Investment Managers and Investment Advisers
 - c. determining on behalf of the Board other matters of investment policy and practice not covered in the above Strategy and Statement
 - d. requesting any information it requires from the Executive, all of whom are directed to co-operate with any such request for information
 - e. 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 Group Board, in consultation with the Remuneration and Nominations Committee. The Chair

of the Board and the Finance Director will be members of the Committee. The Investment Committee and the Audit and Risk Committee must have separate chairs.

- 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 and not members of the Audit and Risk Committee, 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 Group Board.

Agreed by the Board on 22.04.16
02.09.22 (v7)

Investment Committee – Annex – Matters delegated to Management

Area	Measure	Management's limit
Size of matching fund	GSAM portfolio value (MDDUS + free assets within MIL) aligned with MDDUS liabilities (notified and IBNR). (Free assets within MIL are defined as: assets in MIL bonds fund less actuarial and other liabilities and regulatory capital requirements.)	Management will review the matching position quarterly post actuarial valuation and address the shortfall / surplus if required. Management will transact up to £10m per quarter in this respect. If larger adjustments are required, management will seek approval of Investment Committee (IC).
Duration matching	GSAM's portfolio duration target is specific in the GSAM mandate and includes a +/-0.5y tolerance.	Management will review the duration matching position quarterly post-actuarial valuation and work with GSAM to ensure that the actual portfolio duration and liabilities duration are no more than 0.5y apart. If GSAM guidelines duration requires an update of up to 1y, management will address this. Any larger changes and any changes affecting the target return are reserved for the IC.
Credit limits	GSAM's guidelines include a number of credit limits.	Management will be permitted to vary these limits by up to 2 percentage points and only on a temporary basis of up to 3 months. A shift of 2% for a short period of time is unlikely to materially change the risk profile of the portfolio but might help us avoid unnecessary trading.
Minor and temporary mandate relaxations	Various: - counterparty diversification requirements - asset class ranges - foreign currency limits and hedging requirements - liquidity limits - ESG limits.	Following discussions with investment manager and/or investment consultant, and subject to a discussion with IC Chair (or deputy if relevant), management will be permitted to: - relax mandate requirements by up to 5% for a period of up to 3 months; and - grant a grace period of up to 3 months for errors to be rectified; if this is expected to result in a better outcome for the portfolio.

Growth portfolio weightings	MDDUS's growth portfolio targets volatility and return consistent with long-term FTSE 250 results. However, as this is a composite result of several managers with different risk / return profiles, careful re-balancing between managers may be required.	Management will analyse return and risk on a quarterly basis to ensure these aggregate up to the agreed portfolio levels. If required, management may move up to £10m per quarter between existing managers to re-balance between higher and lower risk parts of the growth portfolio. Any discrepancies requiring larger shifts will be flagged for the approval of IC.
Reporting framework	All	Management are permitted to make changes to the reporting framework (consultant reports and reports from the individual managers) as per the perceived operational needs of the business and to require ad hoc reports from all or individual managers as necessary.
Votes	n/a	Management are permitted to cast votes when invited to do so by managers if votes are in favour of managers' position on the resolutions.
Adviser appointments	n/a	In respect of small scale projects, management are able to select consultants to procure advisory work up to £50k per quarter.
Agreeing fees	n/a	Management will be permitted to negotiate and agree fees with investment advisers and managers.

Agreed by the Investment Committee on 21.10.21
Agreed by the Board on 02.09.22 (v2)

8. MDDUS Remuneration and Nominations Committee – Terms of reference

Responsibilities

- 1) The MDDUS Group Board has established a Remuneration and Nominations Committee to consider and to offer its views about such matters concerning MDDUS or the Group as may be referred to it by the Group or a subsidiary board or committee, 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 Group and subsidiary boards, and such other posts as may from time to time be determined
 - b. being consulted about the Group remuneration strategy, including as it relates to employment benefits and Executive and Non-Executive Directors
 - c. being advised about the annual Group remuneration award to employees and other matters with a significant impact on pay and related issues
 - d. considering, and recommending to the Group Board, any remuneration reporting to the MDDUS membership
 - e. leading an open and transparent process to identify, and recommending to the Group and, where relevant, subsidiary boards, diverse candidates to fill vacancies on the Group and subsidiary boards and committees
 - f. considering, and recommending to the Group and, where relevant, subsidiary boards, whether to re-appoint Non-Executive Directors of the Group and subsidiary boards at the conclusion of their specified term of office
 - g. reviewing the composition and size of the Group and subsidiary boards and committees (including the skills, knowledge, experience and diversity of members), planning for the succession of Directors (including the Chair and Vice-Chair of the Group and subsidiary boards, and the Group Senior Independent Director), and making recommendations to the Group and, where relevant, subsidiary boards, as required
 - h. determining, and reviewing the results of, the regular process to evaluate the performance of the Group and subsidiary boards, committees and Non-Executive Directors
 - i. being advised about the Group 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 Group Board, and the Group Senior Independent Director, are matters reserved to the Group Board.
- 5) These Terms of Reference will be reviewed at least annually by the Committee, and updated as required by the Group 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 Group and subsidiary boards, and such other posts as may from time to time be determined
 - b. determining, and reviewing the results of, the regular process to evaluate the performance of the Group and subsidiary boards, committees and Non-Executive Directors
 - c. requesting any information it requires from the Executive, all of whom are directed to co-operate with any such request for information
 - d. 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 any Vice-Chair) will be appointed by the Group Board, but will not include Executive Directors. The Chair and Vice-Chair of the Group Board will be members of, but will not chair, the Committee. The Group Senior Independent Director will be a member of, and may chair, the Committee.
- 8) 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.
- 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, individual executive colleagues will not be present during the discussion of their own remuneration.

Meetings

- 10) The Committee will normally meet twice a year.
- 11) Meetings of the Committee will be chaired by its Chair or, where necessary (for example, due to the Chair's absence or conflicts of interests), any Vice-Chair or agreed member of the Committee.
- 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, where necessary, any Vice-Chair or agreed member of the Committee) will have a second, casting vote.
- 13) The quorum for a meeting of the Committee will be three members (including one of the Chair, any Vice-Chair or agreed member of the Committee), attending in person or by telephone or video conference, or by participating by a series of telephone calls from the Chair or, where necessary, any Vice-Chair or agreed member 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 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 Group Board.

Agreed by the Board on 24.04.20
16.12.22 (v4)

9. MDDUS Group Board Chairs – Role and responsibilities

For the purposes of this document, 'the Company' throughout is either MDDUS, MDDUS Education Ltd (MEL), MDDUS Property Ltd (MPL) or MDDUS Services Ltd (MSL). This document does not apply to MDDUS Insurance Ltd.

The Chair, appointed as required by the Articles of Association of the Company ('the Articles'), 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 meetings.

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 meetings, between Non-Executive Directors, the Executive team and members of the Company
- act as a sounding board for the Chief Executive (or equivalent) and other Executive Directors
- 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
- attend pre-meeting briefings with the Executive, as required
- ensure that the Board discharges its full remit, whilst acting within its terms of reference
- ensure that Directors receive accurate, timely and clear information, in particular about performance against the strategy, to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company
- 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 (or equivalent), the Group Director of Governance and the Company Secretary
- take the lead in identifying and meeting the development needs of individual Directors, facilitated by the Chief Executive (or equivalent), the Group Director of Governance and the Company Secretary
- take the lead, with the support of the Vice-Chair, in evaluating the performance of the Board, its Committees and, including by way of direct feedback, individual Directors
- (in the case of the MDDUS Board Chair) evaluate the performance of the Chief Executive against agreed objectives and report accordingly to the Remuneration and Nominations Committee
- (in the case of the MDDUS Board Chair) serve as a Member of the Investment and Remuneration and Nominations Committees
- chair the General Meetings of the Company.

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

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

The Chair generally serves 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, if agreed by the relevant boards, to extend the appointment by up to three further consecutive terms of one year in office (subject to the Articles).

This document will be reviewed at least annually by the Audit and Risk Committee and updated as required by the Board. It is expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles.

Agreed by the Board 22.04.16
19.09.23 (v6)

10. MDDUS Group Board Vice-Chairs – Role and responsibilities

For the purposes of this document, 'the Company' throughout is either MDDUS, MDDUS Education Ltd (MEL), MDDUS Property Ltd (MPL) or MDDUS Services Ltd (MSL). This document does not apply to MDDUS Insurance Ltd.

The Vice-Chair, appointed as required by the Articles of Association of the Company ('the Articles'), is responsible for supporting and giving guidance to the Chair.

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

- to act as a sounding board for the Chair, Chief Executive (or equivalent) and other Executive Directors
- (in the case of the MDDUS Board Vice-Chair) to serve as a Member of the Remuneration and Nominations Committee
- in the absence of the Chair, to chair the meetings of the Board and General Meetings of the Company
- in the event of the prolonged absence of the Chair, as agreed by the Board, to assume all the responsibilities of the Chair until such time 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 Group Non-Executive Directors apply also to the Vice-Chair.

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

The Vice-Chair generally serves 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, if agreed by the relevant boards, to extend the appointment by up to three further consecutive terms of one year in office (subject to the Articles).

This document will be reviewed at least annually by the Audit and Risk Committee and updated as required by the Board. It is expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles.

Agreed by the Board on 22.04.16
19.09.23 (v5)

11. MDDUS Senior Independent Director – Role and responsibilities

The Senior Independent Director is responsible for supporting and giving guidance to the Chair and, when necessary, serving as an intermediary between the Board and MDDUS members.

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

- act as a sounding board for the Chair, Chief Executive and other Executive Directors
- serve as an intermediary between the other Directors when necessary
- meet the other Directors annually in the absence of the Chair to appraise the Chair's performance and to feedback accordingly
- mentor new Non-Executive Directors
- serve as a Member of the Remuneration and Nominations Committee
- act as the independent point of contact in relation to incidents notified under the MDDUS Whistleblowing Policy
- consider appeals from the High Risk Underwriting Group referred by the Chief Executive
- 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
- serve as an intermediary between the Board and MDDUS members when necessary.

The role and responsibilities of MDDUS Non-Executive Directors apply also to the 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 Chair is not considered independent in relation to the role of the Senior Independent Director.

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
16.12.22 (v4)

12. MDDUS Board 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, both inside and outside meetings.

In particular, it is the responsibility of Committee Chairs to:

- provide coherent leadership of the Committee
- promote effective relationships and open communications, both inside and outside meetings, between Committee Members, the Executive team and, where relevant, MDDUS members
- act as a sounding board on Committee matters for the Chief Executive and other Executive Directors
- encourage active engagement by all Committee Members
- chair meetings of the Committee and set the agenda, which should take full account of the issues and the concerns of all Committee Members, ensure that the Committee is forward looking and concentrates on strategic matters
- attend pre-meeting briefings with the Executive, as required
- 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 and services to aid the discharge of the Committee's functions and that the effectiveness and value of suppliers of advice is evaluated regularly
- 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, the Group Director of Governance and the Company Secretary
- take the lead in identifying and meeting the development needs of individual Committee Members, facilitated by the Chief Executive, the Group Director of Governance and the Company Secretary
- take the lead, with the support of the Vice-Chair, in evaluating the performance of the Committee and individual Committee Members, facilitated by the Chief Executive, the Group Director of Governance and the Company Secretary.

The role and responsibilities of MDDUS Group Non-Executive Directors apply also to Committee Chairs.

Committee Chairs are appointed by the Board generally 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 generally 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, if 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 the Articles of Association of MDDUS).

This document will be reviewed at least annually by the Audit and Risk Committee and updated as required by the Board. It is expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles.

Agreed by the Board on 22.04.16
23.06.23 (v5)

13. MDDUS Board Committee Vice-Chairs – Role and responsibilities

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

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

- to act as a sounding board on Committee matters for the Chair, Chief Executive and other Executive Directors
- in the absence of the Chair, to chair meetings of the Committee
- in the event of the prolonged absence of the Chair, as agreed by the Board, 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 Group Non-Executive Directors apply also to Committee Vice-Chairs.

Committee Vice-Chairs are appointed by the Board generally 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 generally 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, if 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 the Articles of Association of MDDUS).

This document will be reviewed at least annually by the Audit and Risk Committee and updated as required by the Board. It is expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles.

Agreed by the Board on 22.04.16
23.06.23 (v4)

14. MDDUS Group Non-Executive Directors – Role and responsibilities

For the purposes of this document, 'the Company' throughout is either MDDUS, MDDUS Education Ltd (MEL), MDDUS Property Ltd (MPL) or MDDUS Services Ltd (MSL). This document does not apply to MDDUS Insurance Ltd.

The Directors of the Company must have particular regard to the general duties of directors in Part 10 of the Companies Act 2006 (as amended), including the duty to act in the way they consider individually, in good faith, would be most likely to promote the success of the Company 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 the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the Company.

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

- uphold the highest ethical standards of integrity, probity and leadership
- bring their specialist experience, knowledge and skills to the Company
- uphold and promote the Company's positive culture, values, behaviours and standards, and commitment to the fair treatment of members, employees and other stakeholders
- help develop, update and monitor performance against the Company's strategic objectives
- ensure that the necessary resources – financial, human and otherwise – are in place for the Company to meet its objectives
- ensure that they receive accurate, timely and clear information, to enable them to take sound decisions, monitor effectively and provide advice to promote the success of the Company
- monitor, review and challenge the performance of the executive in meeting objectives
- satisfy themselves about the integrity of financial and other management information
- satisfy themselves that prudent, effective and robust controls and systems are in place to assess and manage risk
- satisfy themselves that robust processes are in place for the appointment, and where necessary the removal, of Executive Directors and for succession planning
- understand, exercise powers under and abide by the Company's Articles of Association and corporate governance framework
- uphold and promote compliance with corporate governance codes and good practice relevant to the Company
- comply with laws, regulations and good practice relevant to the Company
- disclose the nature and extent of any direct or indirect conflicts of interests

- maintain appropriate confidentiality of information relating to the Company
- serve on at least one committee of the MDDUS Board and / or a subsidiary board of MDDUS
- attend and participate in board and committee meetings, 'away days', evaluations, presentations and dinners
- attend and participate in the Annual General Meeting of the Company
- devote time to developing and refreshing their experience, knowledge and skills
- commit sufficient time to fulfil their role and responsibilities effectively
- comply with their contract for services.

Directors are appointed and serve in accordance with the Articles of Association of the Company. Directors generally serve a maximum of three terms each of not more than three years in office, but with the option, if agreed by the relevant boards, to extend the appointment by up to three further consecutive terms of one year in office (subject to the Articles of Association).

Directors serving on a committee of the MDDUS Board and/or a subsidiary board are appointed by the MDDUS Board generally from amongst its Non-Executive Director, having regard to their independence and any recommendations or succession plans provided by the Remuneration and Nominations Committee.

These Directors generally serve a maximum of two terms each of not more than three years in office on the committee or subsidiary board (unless appointed as a committee or subsidiary chair or vice-chair), running concurrently with their service as an MDDUS Director.

This document will be reviewed at least annually by the Audit and Risk Committee and updated as required by the Board. It is expressly subordinate to, and must be interpreted in accordance with, the provisions of the Companies Act 2006 (as amended) and the Articles.

Agreed by the Board on 22.04.16
19.09.23 (v3)