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GROUP NOMINATIONS COMMITTEE TERMS OF REFERENCE

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Document Control

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Contents

- 1. Membership4
- 2. Secretary.....4
- 3. Quorum4
- 4. Meetings4
- 5. Notice of Meetings.....5
- 6. Minutes of Meetings5
- 7. Annual General Meeting.....5
- 8. Role5
- 9. Duties.....5
 - 9.1. Composition of the board5
 - 9.2. Succession Planning6
 - 9.3. Appointments to the Board6
 - 9.4. Induction and Training.....7
 - 9.6 Board Evaluation.....8
- 10. Board Recommendations8
 - 10.1. Nominations and succession planning8
 - 10.2. Re-appointment of directors9
- 11. Reporting Responsibilities9
- 12. Other Matters9
- 13. Authority.....10

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board. The Committee shall comprise at least three members, the majority of whom should be independent Non-Executive Directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 Provided the majority of the Committee members remain independent, an appointment to the Committee shall cease when the member ceases to be a Director or is removed by the Board.
- 1.4 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members shall elect one of their number to chair the meeting. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.
- 1.5 Any Board member may attend any Committee meeting with the prior consent of the Committee's Chairman, whose consent may not be unreasonably withheld.

2. Secretary

- 2.1 The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two all of whom must be independent Non-Executive Directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meetings

- 4.1. The Committee shall meet at least three times a year and at such times as the Chairman of the Committee shall require.
- 4.2. Meetings of the Committee may be conducted when the members are physically present together or in an alternative form (such as video conference, audio conference or written resolution).

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists or in the opinion of the Committee Chairman it would be inappropriate to do so.
- 6.3. A resolution in writing and signed by all members of the Committee (including by electronic means) will be as effective as a resolution passed at a Committee Meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

7. Annual General Meeting

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Role

- 8.1. The role of the Committee is to ensure that there is an appropriate balance of skills, knowledge and experience on the Board, its Committees and within the Company's subsidiary companies.

9. Duties

9.1. Composition of the board

The Committee shall:

- 9.1.1. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity in its broadest sense) required of and appropriate to the Board, its Committees and subsidiaries compared with its current position and make recommendations to the Board with regard to any changes;

- 9.1.2. keep under review the future leadership and directorial skills and knowledge and expertise required by the Group, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace and to deliver the strategic plans;
- 9.1.3. keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 9.1.4. set measurable objectives for board diversity and prepare a policy on board diversity, ensuring that the Board contains an appropriate mix of skills, capabilities and talent to fairly represent all groups in a balanced way; and
- 9.1.5. give oversight and consideration to changes in the composition of subsidiary boards and senior management within the Group when change in personnel occurs or is required.

9.2. Succession Planning

The Committee shall:

- 9.1.6. ensure a rigorous and phased approach to succession planning for all Directors and other Senior Executives in the course of its work, taking into consideration the challenges and opportunities facing the Company, and the skills and expertise needed (both executive and non-executive) on the Board, its Committees and subsidiary companies for the future;
- 9.1.7. satisfy itself that plans are in place for an orderly succession of appointments to the board and senior management and make recommendations to the Board;
- 9.1.8. Ensure that there is a pipeline of potential chairmen so that appointments to this position can be made internally wherever possible; and
- 9.1.9. Work to ensure that the Chairman and SID do not change within a year of each other.

9.3. Appointments to the Board

The Committee shall:

- 9.3.1. ensure a proactive approach to director recruitment, identifying and nominating for the approval of the Board, candidates from a wide range of backgrounds to fill Group board vacancies as and when they arise;
- 9.3.2. consider proposals for the re-appointment or promotion of directors and also any proposal for their dismissal, retirement or any substantial change in their duties or responsibilities or the term of their appointment;
- 9.3.3. before appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity (in its broadest sense) on the Board and within the Group, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee should:

- a) consider the use of open advertising or the services of external advisers to facilitate the search;
 - b) consider candidates from a wide range of backgrounds; and
 - c) consider candidates on merit and against objective criteria, and with due regard to the needs of the Board, the role in question and the benefits of diversity in its broadest sense and including gender on the Board, taking care that appointees have enough time available to devote to the position;
- 9.3.4. for the appointment of a chairman, the committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise;
- 9.3.5. ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment (including remuneration and arrangements for payment) setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- 9.3.6. ensure that the letter of appointment clearly sets out that NED terms are limited to an initial term of three years and may be extended, a year at a time, but normally for no longer than six years, provided always that such an extension is approved by the Shareholder;
- 9.3.7. ensure that all directors offer themselves for annual re-election by shareholders in accordance with the UK Corporate Governance Code, having regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the board (particularly in relation to directors being re-elected for a term beyond six years);
- 9.3.8. keep under review the number of external directorships held by each director; and
- 9.3.9. Consult with the Shareholder over the making of appointments (in particular of Chairman) and once a year, meet with members of the Nominations Committee of the Shareholder (Allchurches Trust) to discuss movement of directors between the two Boards, as well as common directorships.

9.4. Induction and Training

The Committee shall:

- 9.4.1. ensure that all new directors undertake an appropriate induction programme to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director;
- 9.4.2. oversee the continuing professional development of directors making recommendations where appropriate;
- 9.4.3. consider any training requirements for the board as a whole; and
- 9.4.4. regularly review the Group's Talent Management Policies and Programme and in particular for Senior Executives and other high potential employees.

9.5 Conflict of Interest

The Committee shall:

- 9.5.1. ensure that prior to the appointment of a director, the proposed appointee is required to disclose any other business interests that could result in a conflict of interest and is required to report any future business interests that could result in a conflict of interest.

9.6 Board Evaluation

The Committee shall:

- 9.6.1. lead an annual evaluation process to assess the overall and individual performance and effectiveness of the board and its committees, including consideration of the balance of skills, experience, independence and knowledge of the Company; its diversity, including gender; how the board works together as a unit; and other factors relevant to the board's effectiveness;
- 9.6.2. review the results of the board performance evaluation process that relate to the composition of the board;
- 9.6.3. ensure that evaluation of the board is externally facilitated at least every three years;
- 9.6.4. review the results of the performance evaluation of the Committee; and
- 9.6.5. review annually the time required from Non-Executive Directors (including the Chairman and Senior Independent Director). Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties.

10. Board Recommendations

10.1. Nominations and succession planning

The Committee shall make recommendations to the Board on:

- 10.1.1. formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Group Chief Executive (but see 10.1.2 below);
- 10.1.2. the appointment of any Director to executive or other office other than to the positions of Chairman and Group Chief Executive, the recommendation for which would be considered at a meeting of the full Board, and keep under review the number of external directorships held by non-executive directors;
- 10.1.3. suitable candidates for the role of senior independent director;
- 10.1.4. membership of the Board Committees and their chairmanship, in consultation with the Chairmen of those Committees; and

- 10.1.5. any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.

10.2. Re-appointment of directors

The Committee shall also make recommendations to the Board on:

- 10.2.1. the re-appointment of any Non-Executive Director at the conclusion of their specified terms of office (and any extension to this which requires shareholder agreement as set out in 9.3.6) having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required; and
- 10.2.2. the re-election by shareholders of any Director under the annual re-election provisions of the UK Corporate Governance Code having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to any directors being re-elected for a term beyond six years).

11. Reporting Responsibilities

- 11.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 11.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- 11.3. The Committee shall produce a report to be included in the Company's Annual Report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the company; and
- 11.4. The report referred to in 11.3 above should include a statement of the board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

12. Other Matters

- 12.1. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

13. Authority

13.1. The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties; and

13.2. The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.