
Terms of Reference

People, Culture & Governance Committee

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Wesleyan Assurance Society

People, Culture & Governance

Committee Terms of Reference

Corporate Governance

1. The Committee is a sub-committee of the Board.

Membership

2. Members of the Committee shall be appointed by the Board on the recommendation of the Society's Chair and shall be made up of at least 3 Non-Executive Directors of the Society. The Group Chief Executive of the Society shall be an attendee at the Committee.
3. Only members of the Committee have the right to attend Committee meetings. However, other Board members with skills relevant to a particular nomination and external advisers may be invited to attend for all or part of any meeting, as and when appropriate, and may be co-opted on to the Committee for a particular meeting, with the approval of the Chair of the Committee.
4. The Board shall appoint the Committee Chair who should be either the Chair of the Board or a Non-Executive Director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chair of the Board shall not chair the Committee when it is dealing with the matter of nominating a successor to the Chair. The Chair shall not remain in post beyond 9 years, unless it is for the purposes of succession planning.

Secretary

5. The Company Secretary or the Committee's nominee shall act as the Secretary of the Committee.
6. The Company Secretary shall provide the Committee with such advice as it needs on governance matters.

Quorum

7. The quorum necessary for the transaction of business shall be 2, 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.

Frequency of Meetings

8. The Committee shall meet at least three times a year and at such other times as Committee members shall deem appropriate. Sufficient time should be allowed to enable the Committee to undertake a full discussion on matters as may be required.

9. Outside the formal meetings, the Committee Chair, and to a lesser extent, the other Committee members, will maintain a dialogue with key individuals involved in the Society's governance and people matters, including the Group Chief Executive, Head of HR and Chief of Staff and the appointed representative of the Partnership Council.

Notice of Meetings

10. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chair of the Committee.
11. 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 and any other person required to attend no later than 3 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.

In addition, a meeting can take place without all the participants being in the same room or physically meeting together. The meeting can take place by video conference or by means of other telecommunications as long as the participants can each communicate to the others any information or opinions they have on any particular item of the business of the meeting. The meeting will be deemed to have taken place where the largest number of participants is, or otherwise, where no participants physically meet together, the Chair can determine where the meeting has taken place.

As well as resolutions or decisions being made at meetings, the participants may also pass written resolutions, which will be as valid as a resolution or decision made at a meeting. A resolution is to be in writing and will be adopted when all the participants have signed one or more copies of it. They need not have returned their signed copies as long as they have confirmed (which may be by email) that they have approved the resolution and they will later be required to provide their signed written resolution to the Chair or the Secretary. Acceptance of the resolution is deemed to have been achieved when confirmatory responses (which may be by email) have been received from the majority of those participants in the meeting. It is immaterial whether any member signs the resolution before or after the time at which the notice of the proposed resolution or decision proposes that it should be adopted. Once a resolution has been made in this way it must be treated as a resolution or decision of that committee.

The Secretary is required to keep a record, in writing, of all such written resolutions for a period of at least 10 years from date such resolution is made.

Minutes of Meetings

12. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
13. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chair of the Board (if not a member of the Committee).

Annual General Meeting (AGM)

14. The Chair of the Committee shall attend the Society's AGM prepared to respond to any questions on the Committee's activities.

15. When a significant number of votes (over 10%) has been cast against the appointment or reappointment of a director, the Committee will agree actions to consult with its members on the reasons for this result. A report on this consultation will then be provided to members.

Duties

16. Right People/Right Capability

The Committee shall:

- a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- b) give full consideration to succession planning for directors and other senior executives, in the course of its work, taking into account the challenges and opportunities facing the Society, and what skills and expertise are therefore needed on the Board in the future;
- c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board and Executive¹ level vacancies as and when they arise. This should take account of:
 - i) any potential conflicts of interests the appointee may have e.g. other significant business interests and in the allocation of responsibilities;
 - ii) the diversity of the Board and Executive in terms of gender, race and social background; and
 - iii) the cultural fit with the organisation's values and behaviours
- d) identify and nominate for the approval of the Board, candidates to fill the position of Chief Executive and Chair of any subsidiary company specified by the Board²;
- e) formulate plans at an appropriate time for succession for both Executives / SMCR Senior Managers² and both Executive and Non-Executive Directors and the key roles of Chair and Chief Executive;
- f) ensure that the requirements of the Senior Managers Regime and Senior Insurance Managers Regime are appropriately taken into account in the identification and nomination of candidates and in succession planning;
- g) prior to approving an Executive appointment to the Board following a recommendation from the Chief Executive (CEO), either of an external candidate or the promotion of an internal candidate, challenge the CEO on the following:
 - i) the selection process followed and the subjective criteria on which the recommendation is based;
 - ii) the description of the role and capabilities required by the recommended candidate; and
 - iii) the evaluation of the career, skills, knowledge and experience of the recommended candidate.

¹ Wesleyan Financial Services Limited, Wesleyan Unit Trust Managers Limited and Practice Plan Limited. It also has right of approval of candidates for Board and the CEO position in Wesleyan Bank as recommended by the Wesleyan Bank Nominations Committee

² see the latest SMCR maps for Executive and SMF roles covered.

The decision of the Committee on the CEO's recommendation is to be presented to the full Board for final acceptance;

- h) prior to a Non-Executive Director appointment being made by the Board, evaluate the balance of business success, skills, behaviours, cultural fit, diversity fit, knowledge and experience on the Board. Consider the impact on the 'bench' strength of the Board based on the Wave Analytics Tool. In identifying suitable candidates, the Committee shall:
 - i) follow the Inclusion & Diversity Policy and use open advertising or the services of external advisers to facilitate the search;
 - ii) consider candidates on merit and against objective criteria, which should include their independence;
 - iii) present details of the nominated candidate to the Board for final acceptance; and
 - iv) allow opportunity for the wider Board to meet the candidate informally before a decision to approve.
- i) make recommendations to the Board concerning:
 - i) the membership of the Audit, Risk, Remuneration, Investment and With Profits Committees and in consultation with the Chairs of these Committees
 - ii) the re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their ongoing independence, performance and ability to continue to contribute to the Board in the light of their track record, knowledge, skills and experience;
 - iii) the appointment of the Senior Independent Director;
 - iv) the annual re-election by members of any director under the provisions in the Society's Rules. This should have due regard to their performance and ability to contribute to the Board, including the promotion of the Society's culture, values and long terms success, and in the light of the knowledge, skills and experience required;
 - v) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Society subject to the provisions of the law and their service contract;
 - vi) the appointment or removal of the Company Secretary, Chief Actuary or With Profits Actuary; and
 - vii) the appointment of any director to executive or other office other than to the positions of Chair and Chief Executive, the recommendation for which would be considered at a meeting of the full Board.
- j) keep up to date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates in order to understand and keep under review the leadership needs of the organisation and its constituent parts, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace. Particular attention should be paid to the talent pipeline, ensuring this encourages

inclusivity and diversity and that there is appropriate education and development and contingency planning;

- k) review education/development needs of the Board and ensure there is a suitable plan in place.
- l) review annually the performance of all Board and Executive2 members, utilising comments from other Committee chairs, and advise the Chair of the Board accordingly. Review and update the board capability matrix and talent profiles accordingly;
- m) review annually the time required from Non-Executive Directors.
- n) Performance evaluation should be used to assess whether the Non-Executive Directors have spent enough time to fulfil their duties, based on records maintained; and
- o) ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

17. Inclusion and Diversity

The Committee shall:

- a) oversee matters concerning inclusivity and diversity including progress against Inclusivity and Diversity targets and plans. The Inclusivity and Diversity Manager and representatives of the Employee Networks will attend the Committee to present updates at least annually.

18. Culture and People

The Committee shall:

- a) oversee matters of importance to culture of the Group and its stakeholders, including employees, customers, Members and suppliers;
- b) receive regular reports on employee engagement and wellbeing including analysis of employee opinion surveys and other management information to ensure that appropriate management actions are in place;
- c) Receive regular updates on the work of the Partnership Council, including from the Senior Independent Director who attends the Council; and
- d) Receive at least annually an assessment of the Group's Culture with input from a range of contributors including the Group's Second and Third line oversight functions.

19. Sustainability & Corporate Responsibility

The Committee shall:

- a) oversee matters of importance to sustainable development and corporate reputation;

- b) receive regular reports on progress against the Group's agreed Sustainability Principles and agreed targets; and
- c) receive a report at least annually on the work of the Wesleyan Foundation and wider corporate social responsibility activities.

20. Governance

The Committee shall:

- a) receive reports on corporate governance changes that impact the Group and agree what action is required. Governance changes in relation to Remuneration, Risk or Audit matters shall be monitored and dealt with by the respective committees.

Reporting Responsibilities

- 21. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 22. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 23. The Committee shall make a statement in the Society's annual report about its activities, including:
 - the process used in relation to appointment, its approach to succession planning and how both support developing a diverse pipeline and follow the Group Inclusion & Diversity Policy;
 - how Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Committee, the outcomes and actions taken and how it has or will influence Board composition;
 - the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on meeting these objectives;
 - the gender and ethnicity balance of those in senior management and their direct reports; and
 - the process used to make appointments and explain if external advice or open advertising has not been used.

Other

- 24. The Committee shall, at least once a year, review its own performance, constitution, schedule of annual activity and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 25. The Committee shall oversee the organisation of Board Effectiveness Reviews including selection of external parties to carry out a review as required every 3 years.

Authority

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

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

Version	Forum/Committee	Approval Date	Caveats	Next Review
1.1	Nominations Committee	07/2017		07/2018
1.1	Board	09/2017		07/2018
1.2	Nominations Committee	11/2018		11/2019
1.3	Nominations Committee	11/2019		11/2020
2.0	People, Culture & Governance Committee	03/2021		03/2022