

# WESLEYAN

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## **Terms of Reference Nominations Committee**

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Version: v1.2  
Next Review Date: 11/2019

# **Wesleyan Assurance Society**

## **Nominations 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 least 4 members, at least 3 of whom should be Non-Executive Directors of the Society. The Chief Executive of the Society shall be a member of 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-ship. 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 3, two of whom must be 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 once 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, including the Group Chief Executive, Chief People & Strategy Officer and the appointed representative of the Staff Forum.

## **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 conference call or by means of other telecommunications or by electronic means 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. The Committee shall:
- a) regularly review the structure, size and composition (including the skills, knowledge and experience) 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 observe 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 Executive<sup>2</sup> 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 Board<sup>1</sup>;
  - e) formulate plans at an appropriate time for succession for both Executives<sup>2</sup> 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.

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<sup>1</sup> Wesleyan Bank Limited, Wesleyan Unit Trust Managers Limited, Practice Plan Holdings Limited and Syscap Holdings Limited (last reviewed October 2018)

<sup>2</sup> Chief Investment Officer, Chief Customer Officer, Chief People & Strategy Officer, Chief Risk Officer, Chief Operations Officer, Head of Corporate Audit, Compliance Officer, Chief Actuary, With Profits Actuary, Director of Transformation, Director of Life and Pensions, Director of Marketing, Director of Wesleyan Financial Services and Company Secretary

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, knowledge and experience on the Board. In identifying suitable candidates, the Committee shall:
  - i) 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.
- i) 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;
- j) make recommendations to the Board on the Group's corporate sustainability efforts (including environmental sustainability, and corporate social responsibility);
- k) oversee matters of importance to the Group and its stakeholders, including employees, customers, Members and suppliers, in relation to matters concerning inclusivity and diversity, sustainable development and corporate reputation;
- l) keep up to date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates;
- m) review annually the performance of all Board and Executive<sup>2</sup> 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;
- n) review annually the time required from Non-Executive Directors. 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. The Committee shall also make recommendations to the Board concerning:
- a) the membership of the Audit, Risk, Remuneration, Investment and With Profits Committees and in consultation with the Chairs of these Committees;
  - b) 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;
  - c) the appointment of the Senior Independent Director;
  - d) 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;

- e) 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;
- f) the appointment or removal of the Company Secretary, Chief Actuary or With Profits Actuary; and
- g) 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.

## **Reporting Responsibilities**

- 18. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 19. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 20. 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;
  - 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 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**

- 21. 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.

## **Authority**

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

23. 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.

<b>Version</b>	<b>Forum/Committee</b>	<b>Approval Date</b>	<b>Caveats</b>	<b>Next Review</b>
1.1	Nominations Committee	07/2017		07/2018
1.1	Board	09/2017		07/2018
1.2	Nominations Committee	11/2018		11/2019