

# **FAMILY ASSURANCE FRIENDLY SOCIETY**

## **NOMINATIONS SUB-COMMITTEE**

### **TERMS OF REFERENCE**

(as adopted by the Society's Board of Directors on 15/11/2018)

#### **1 Membership**

- 1.1 Members of the Nominations Sub-Committee ("the **Committee**") will be appointed by the Board of Directors of the Society ("the **Board**") and will be made up of at least 4 members.
- 1.2 All non-executive directors and the Chief Executive Officer will be members of the Committee.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other directors and other individuals (including representatives of external advisers) may be invited to attend for all or part of any meeting, as and when appropriate in the opinion of the Committee's chairman or the majority of its members.
- 1.4 The Board will appoint the Chairman who should be either the Chairman of the Board or an independent non-executive director. The Chairman of the Board will not chair the Committee when it is dealing with the matter of succession to the chairmanship of the Board, when another non-executive director, normally the Senior Independent Director, will act as Chairman.
- 1.5 In the absence of the Chairman and/or an appointed deputy, the remaining independent members present will elect one of themselves to chair the meeting.
- 1.6 The chairman of the meeting will be entitled to a casting vote in addition to any other vote he/she may have.

#### **2 Secretary**

The Secretary of the Society, or any other person selected for the task by the Committee, will act as the Secretary of the Committee.

#### **3 Quorum**

The quorum necessary for the transaction of business will be 2 non-executive directors. The executive directors in attendance must not form a majority. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

#### **4 Frequency of meetings**

The Committee will meet not less than once a year and at such other times as the Chairman of the Committee will require.

#### **5 Notice of meetings**

- 5.1 Meeting of the Committee will be convened by the Secretary of the Committee at the request of any of its members.

- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting.
- 5.3 The Secretary will ensure that each member of the Committee (and any other attendee as appropriate) receives information and papers in a timely manner to enable proper consideration to be given to issues.

## **6 Minutes of meetings**

- 6.1 The Secretary will minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of the Committee meetings will be circulated promptly to all members of the Committee. Once approved, minutes should be circulated, to all other members of the Board, other than where, in the opinion of the Chairman, it would be inappropriate to do so.

## **7 Annual General Meeting**

The chairman of the Committee should attend the Society's Annual General Meeting to answer any member questions on the Committee's activities.

## **8 Duties**

The Committee will assist the Board in fulfilling its oversight responsibilities across the Group and should carry out the duties detailed below for the Society, major subsidiary undertakings and the Group as a whole, as appropriate.

- 8.1 The Committee will:
- (a) regularly review the structure, size and composition (including the skills, knowledge, experience, diversity and independence) of the Board and give full consideration to the leadership needs of the organisation (both executive and non-executive), succession planning (for directors and other senior executives) taking into account the need for progressive refreshing of the Board, the challenges and opportunities facing the Society (including the continued ability of the organisation to compete effectively in the marketplace), the requirements of the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") senior management rules and the expertise needed on the Board and make recommendations to the Board with regard to any changes;
  - (b) be responsible for identifying and nominating for the approval of the Board, suitable candidates to fill Board vacancies as and when they arise;
  - (c) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and independence on the Board, 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 will:
    - (i) use open advertising or the services of external advisers to facilitate the search;

- (ii) consider candidates from a wide range of backgrounds;
- (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board (including gender), taking care that appointees have sufficient time available to allocate to the position;
- (d) ensure that each proposed appointee to the Board is required to disclose any business or other interests which he or she has which could result in a conflict of interest for him or her as a member of the Board;
- (e) prepare, for the appointment of a chairman, a job specification, including the time commitment expected and require that a proposed chairman's other significant commitments be disclosed to the Board before appointment and that any changes to the chairman's commitments should be reported as they arise;
- (f) review annually the time required from non-executive directors and evaluate annually whether each non-executive director is spending sufficient time to fulfil his or her duties;
- (g) review the results of the Board performance evaluation process that relate to the composition of the Board;
- (h) 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;
- (i) work and liaise as necessary with all other Board committees and in particular draw upon the expertise of the Remuneration Sub-Committee as regards Board appointments and NED fees which the Committee will review and approve on behalf of the Board (subject to no director being involved in setting their own remuneration); and
- (j) review and approval of policies on behalf of the Board, as delegated to it by the Board from time to time.

8.2 The Committee will make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive directors;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the Audit Sub-Committee, Risk Sub-Committee, Remuneration Sub-Committee, With Profits Sub-Committee and Investment/Product Sub-Committee, and any other Board committees as appropriate, in consultation with the chairman of those committees;
- (d) the re-appointment of any non-executive director at the conclusion of his or her specified term of office having given due regard to his or her performance and ability to continue to contribute to the Board in the light of the knowledge, skills, experience and independence required;
- (e) the election and re-election by the Society's members of any director under the

Society's Rules, having due regard to that director's performance and ability to continue to contribute to the board in the light of the knowledge, skills, experience and independence required and the need for progressive refreshing of the Board;

- (f) 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; and
- (g) the proposed appointment of any director to an executive position or to any other office with any group undertaking.

## **9 Reporting responsibilities**

- 9.1 The Chairman will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, including how it has discharged its responsibilities.
- 9.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee will produce a report to be included in the Society's annual report about its activities and the process used to make appointments. The Committee's report will in particular:
  - (a) identify any external search consultancy used and state whether such party has any other connection with the Society;
  - (b) explain if external advice or open advertising has not been used;
  - (c) include a description 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.

## **10 Other**

The Committee will:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Secretariat for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to applicable laws and regulations, the Society's Rules, the provisions of the UK Corporate Governance Code (as annotated for Mutual Insurers), and the requirements of the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") Handbooks and any other applicable rules, as appropriate;
- (d) arrange for periodic reviews of its own performance and, at least annually, review its 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;
- (e) work and liaise as necessary with all other Board Sub-Committees.

## **11 Authority**

11.1 The Committee is authorised to:

- (a) seek any information it requires from any employee of the Society in order to perform its duties;
- (b) obtain, at the Society's expense, independent legal, accounting or other professional advice on any matter it believes is necessary to do so;
- (c) call any employee to be questioned at a meeting of the Committee as and when required;
- (d) have the right to publish in the Group's annual report details of any issues that cannot be resolved between it and the Board;
- (e) review and approve policies on behalf of the Board, as delegated to it by the Board from time to time; and
- (f) delegate any of its duties as it is appropriate to such person or persons as it thinks fit.