



Version: 4.0
Status: Approved
Owned by: Group Board
Authorised by: Group Board
Dept: Legal and Secretarial
Sign-Off Date: 24/11/2021

GROUP NOMINATIONS COMMITTEE TERMS OF REFERENCE

Disclaimer

This document is the property of Ecclesiastical. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without prior written permission of the Copyright holder. The information in this publication is believed to be accurate in all respects. Ecclesiastical Insurance, its parent company, affiliates, divisions and subsidiaries cannot assume responsibility for any consequences resulting from the use of this information. The information contained herein is subject to change; revisions or new editions may be issued to incorporate such changes.

Document Control

Document History

Date	Version	Key Changes	Distributed To
15/08/2017	V0.1	Adoption of new template and updated to reflect outcomes from the Board evaluation.	Group Board
06/06/2018	V1.1	2018 Annual Review	NomCo
24/09/2019	V2.1	2019 Annual Review reflecting 2018 UK Corporate Governance Code.	NomCo
29/09/2020	V3.1	2020 Annual Review	NomCo
05/10/2021	V4.0	2021 Annual Review	NomCo

Document Sign-Off

Authorised by	Department	Version Signed-Off	Sign-Off Date
Group Board	N/A	V1.0	22/08/2017
NomCo	N/A	V2.0	13/06/2018
NomCo	N/A	V3.0	01/10/2019
Group Board	N/A	V3.0	27/11/2019
NomCom	N/A	V4.0	06/10/2020
Group Board	N/A	V4.0	25/11/2020
NomCom	N/A	V4.0	05/10/2021
Group Board	N/A	V4.1	24.11.2021

Contents

- 1. Constitution4
- 2. Membership4
- 3. Secretary.....4
- 4. Quorum5
- 5. Attendance at Meetings.....5
- 6. Notice of Meetings.....5
- 7. Minutes of Meetings5
- 8. Voting arrangements6
- 9. Annual General Meeting.....6
- 10. Role6
- 11. Duties.....7
 - 11.1. Composition of the board and senior management7
 - 11.2. Succession Planning7
 - 11.3. Appointments to the Board8
 - 11.4. Induction and Training.....9
 - 11.6. Board Evaluation.....9
- 12. Board Recommendations10
 - 12.1. Nominations and succession planning10
 - 12.2. Re-appointment of directors10
 - 12.3. Continuation of office.....10
- 13. Reporting Responsibilities10
- 14. Other Matters11
- 15. Authority.....12

1. Constitution

- 1.1 The Group Nominations Committee (“the **Committee**”) was constituted as a committee of the Board of Directors of both Benefact Group plc and Ecclesiastical Insurance Office plc (the Group Board) in accordance with the articles of association each Company.
- 1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which will report to the Committee.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Committee in consultation with the Committee Chairman.
- 2.2 The Committee shall comprise a minimum of three members, all of whom should be independent Non-Executive Directors (NEDs) as determined by the Board (in accordance with the 2018 UK Corporate Governance Code (the Code)).
- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chief Executive Officer (GCEO), Group HR Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for a further three-year period and annually thereafter provided the director continues to hold office, remains independent and approved by the Shareholder.
- 2.5 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent NED. 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.
- 2.6 Any Board member may attend any Committee meeting with the prior consent of the Committee’s Chairman, whose consent may not be unreasonably withheld.

3. Secretary

- 3.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two, all of whom must be independent NEDs, present in person, by audio or video conference.
- 4.2 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.

5. Attendance at Meetings

- 5.1. The Committee shall meet at least three times a year and at such times as the Chairman of the Committee shall require.
- 5.2. 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).

6. Notice of Meetings

- 6.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee.
- 6.2. 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 NEDs, 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.

7. Minutes of Meetings

- 7.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2. 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.
- 7.3. 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.

8. Voting arrangements

- 8.1. Subject to paragraph 8.2, each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting whether in person or by audio or video conference.
- 8.2. If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 8.3. The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

9. Annual General Meeting

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

10. Role

- 10.1. 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.
- 10.2. In particular the Committee shall:
 - 10.2.1. ensure that there is a formal, rigorous and transparent procedure for appointments to the board;
 - 10.2.2. lead the process for appointments and make recommendations to the board;
 - 10.2.3. assist the board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the board as a whole, so that it is effective and able to operate in the best interests of shareholders;
 - 10.2.4. ensure plans are in place for orderly succession to positions on the board and senior management
 - 10.2.5. oversee the development of a diverse pipeline for succession; and
 - 10.2.6. work and liaise with other board committees, as appropriate, including the remuneration committee in respect of any remuneration package to be offered to any new appointee of the board.

11. Duties

11.1. Composition of the board and senior management

The Committee shall:

- 11.1.1. regularly review the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the Board, its Committees and subsidiaries taking account of the Company's strategic priorities and the matters affecting the Company in clause 11.1.3 and make recommendations to the Board with regard to any changes that are deemed necessary;
- 11.1.2. keep under review the future leadership and directorial skills and knowledge and expertise required by the Group, relating to both the Board and senior management, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace and to deliver the strategic plans;
- 11.1.3. keep up to date and fully informed about strategic and commercial issues and priorities and main trends and factors affecting long-term success and future viability of the Company and the market in which it operates; and
- 11.1.4. set measurable objectives and targets for diversity and inclusion in relation to Board and senior management positions and prepare a policy on the promotion of diversity and inclusion on the Board and in senior management, ensuring that the Board and senior management contains an appropriate mix of skills, capabilities and talent to fairly represent all groups in a balanced way.

11.2. Succession Planning

The Committee shall:

- 11.2.1. 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;
- 11.2.2. 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;
- 11.2.3. oversee the development of a diverse pipeline for succession, having regard to diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- 11.2.4. ensure that there is a pipeline of potential chairmen so that appointments to this position can be made internally wherever possible; and
- 11.2.5. work to ensure that the Chairman and Senior Independent Director (SID) do not change within a year of each other.

11.3. Appointments to the Board

The Committee shall:

- 11.3.1. ensure a proactive approach to director recruitment, identifying and nominating for the approval of the Board, candidates from diverse backgrounds to fill Group Board vacancies as and when they arise;
- 11.3.2. consider proposals for the re-appointment or promotion of directors and also any proposal for their dismissal, retirement, non-re-appointment or any substantial change in their duties or responsibilities or the term of their appointment;
- 11.3.3. before appointment is made by the Board, evaluate the balance of skills, experience, independence, knowledge, and diversity on the Board and within the Group and the future challenges affecting the Group and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment and set the process to identify, sift and interview suitable candidates. In identifying suitable candidates, the Committee shall:
 - a) consider the use of open advertising or the services of external advisers to facilitate the search;
 - b) consider candidates from diverse backgrounds; and
 - c) consider candidates on merit and against objective criteria, and with due regard to promoting the benefits of diversity on the Board including gender, social and ethnic backgrounds and cognitive and personal strengths, the role in question, taking care that appointees have enough time available to devote to the position;
- 11.3.4. for the appointment of a chairman, prepare a job specification, including the time commitment expected;
- 11.3.5. before appointment, require proposed appointees, including the Chairman, to disclose other significant commitments to the Board indicating time commitment;
- 11.3.6. ensure that on appointment to the Board, NEDs receive a formal letter of appointment setting out clearly what is expected of them including appointment term, time commitment, committee service and involvement outside Board meetings and the induction process;
- 11.3.7. ensure that all directors offer themselves for annual re-election by shareholders in accordance with the Code, having regard to their performance and ability to continue to contribute to the board and the Company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the board as a whole and its membership being regularly refreshed;
- 11.3.8. keep under review the number of external appointments held by each director, consider setting any limits on such appointments that may be held by the Chairman, NEDs and ensure that any new additional external appointments are approved in advance by the Board before being accepted; and
- 11.3.9. 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 Limited) to discuss movement of directors between the two Boards, as well as common directorships.

11.4. Induction and Training

The Committee shall:

- 11.4.1. ensure that all new directors undertake an appropriate induction programme so that they are fully informed about the Group's main areas of business activity, including those involving significant risk and strategic and commercial issues affecting the Group and the markets in which it operates as well as their duties and responsibilities as a director;
- 11.4.2. consider any training requirements for the board as a whole; and
- 11.4.3. regularly review the Group's Talent Management Policies and Programme and in particular for senior management and other high potential employees.

11.5. Conflict of Interest

The Committee shall:

- 11.5.1. 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

11.6. Board Evaluation

The Committee shall:

- 11.6.1. assist the Chairman and SID by leading the 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; how the board works together as a unit; and other factors relevant to the board's effectiveness;
- 11.6.2. review the results of the board performance evaluation process that relate to the composition of the board, its diversity and how effectively the board work together to achieve objectives;
- 11.6.3. ensure that evaluation of the board is externally facilitated at least every three years;
- 11.6.4. review the results of the performance evaluation of the Committee; and
- 11.6.5. review annually the time required from NEDs (including the Chairman and SID). Performance evaluation should be used to assess whether the NEDs are spending enough time to fulfil their duties.

12. Board Recommendations

The Committee shall make recommendations to the Board on:

12.1. Nominations and succession planning

- 12.1.1. formulating plans for succession for both Executive and NEDs and in particular for the key roles of Chairman and GCEO (but see clause 12.1.2 below);
- 12.1.2. the appointment of any Director to executive or other office other than to the positions of Chairman and GCEO, 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 NEDs;
- 12.1.3. the Chairman, having assessed whether the present incumbent shall continue in post taking into account the need for continuity versus freshness of approach;
- 12.1.4. suitable candidates for the role of SID;
- 12.1.5. membership of the Board Committees and their chairmanship, in consultation with the Chairmen of those Committees;

12.2. Re-appointment of directors

- 12.2.1. the re-appointment of any NEDs at the conclusion of their specified terms of office having given due regard to their performance and ability to continue to contribute to the Board and the Group's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the board as a whole and its membership being regularly refreshed;
- 12.2.2. the re-election by shareholders of any Director under the annual re-election provisions of the Code having due regard to their performance and commitment to the role and their contribution to the Group's long-terms sustainable success; and

12.3. Continuation of office

- 12.3.1. 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.

13. Reporting Responsibilities

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

- 13.3. The Committee shall produce a report to be included in the Company's Annual Report about its working including:
- a) its activities, the membership of the Committee, number of meetings and attendance during the course of the year;
 - b) the process used to make appointments, its approach to succession planning and how both support developing a diverse pipeline;
 - c) identifying any external search consultancy that they may have been engaged, together with a statement about any other connection with the Group or individual directors;
 - d) how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual directors, the outcomes and actions taken and its influence on Board Composition;
 - e) identifying in the Annual Report any external evaluator together with a statement about any other connection they have with the Company or individual directors; and
 - f) a description of the board's policy on diversity and inclusion, its objectives and linkage to the company strategy, how it has been implemented and progress on achieving the objectives; and the gender balance of those in senior management and their direct reports.
- 13.4. The Board shall ensure, through the Chairman that the Company maintains contact and the Committee Chairman seeks engagement, as required, with the Company's major shareholder on significant matters related to the Committee's areas of responsibilities.
- 13.5. The Board shall make publically available the Committee's Terms of Reference by placing them on the Group's website.

14. Other Matters

The Committee shall:

- 14.1. have access to sufficient resources to carry out its duties including access to the Company Secretary for assistance as required;
- 14.2. 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;
- 14.3. give due consideration to laws and regulations and any published guidelines or recommendations as appropriate;
- 14.4. work and liaise as necessary with other Board Committees; and
- 14.5. 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.

15. Authority

The Committee is authorised by the Board to:

- 15.1. seek any information it requires from any employee of the Group in order to perform its duties;
- 15.2. have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or other professional advice on any matter within its terms of reference as it considers necessary; and
- 15.3. call any employee of the Group to be questioned at a Committee meeting as and when required.