

1.0 GENERAL

- 1.1 The Nominations Committee is a sub-committee of the Board of the Ancient Order of Foresters Friendly Society Ltd.
- 1.2 The Nominations Committee considers matters in relation to potential senior appointments by the Society.
- 1.3 The Nominations Committee reports to the Board of the Society and conducts its business in accordance with the Society's Rules, these Terms of Reference, any applicable legislation or regulation and the Society's policies, principles and values.

2.0 MEMBERSHIP

- 2.1 Membership and Chairmanship of the Committee will be determined by the Board of the Society.
- 2.2 The Committee will consist of not fewer than three members. All members of the Committee must be independent Non-Executive Directors save for the Chairman of the Board who, whilst not being recognised as being independent by the UK Corporate Governance Code; An Annotated Version for Mutual Insurers, can be an ex-officio member of the Committee.
- 2.3 Only members of the Committee have the right to attend Committee meetings but other individuals may be invited to attend whole or part of the meeting if appropriate.
- 2.4 The Committee may request the presence, at any of its meetings, of any Employees of the Society as it may decide.

3.0 MEETINGS

- 3.1 The Chairman of the Committee will chair each meeting. In the case of the Chairman's absence, the members present will elect one of their number to Chair the meeting.
- 3.2 The Chairman of the Board shall not Chair the Committee when it is dealing with the matter of succession to the Chairmanship of the Board.
- 3.3 The Committee will meet not less than two times a year or as it may otherwise determine.
- 3.4 The date of any meeting will not be changed without all members being given at least one week's notice of the revised date.
- 3.5 The quorum will be two members. Committee members may be present in person or through any other means of communication but to count towards a quorum, members must be able, fully, to hear and participate in the Committee's proceedings.

- 3.6 The content of the Agenda for each meeting shall be drafted by the Company Secretary, in a form agreed from time to time with the Chairman, and as discussed by the Senior Management Team prior to approval by the Chairman.
- 3.7 The Agenda and papers for each meeting of the Committee will be submitted under the authority of the Chairman and will be circulated to members at least one week prior to the meeting. Papers not complying with these requirements will not be tabled at the meeting except with the prior approval of the Chairman.
- 3.8 The Chairman may vote on any issue as an ordinary member of the Committee. If, having done so, the voting is level; he may, if he so decides, exercise an additional casting vote to decide the issue.
- 3.9 The Company Secretary, or his or her nominee, will act as Secretary to the Committee. The Company Secretary is responsible for producing minutes of the Committee meetings. The minutes will be passed to the Chairman of the Committee and circulated to all Committee members and appropriate attendees within two weeks.

4.0 MAIN FUNCTIONS

- 4.1 The Committee will:
 - 4.1.1 regularly review the structure, size and composition (including the skills, knowledge independence, diversity and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
 - 4.1.2 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 company, and what skills and expertise are therefore needed on the Board in the future;
 - 4.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
 - 4.1.4 in respect of any proposed appointment to the Board, evaluate the balance of skills, knowledge, independence, diversity and experience on the Board, and in light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - 4.1.4.1 consider candidates from the membership of the Society in accordance with the Society's rules;
 - 4.1.4.2 use open advertising or the services of external advisers to facilitate the search;
 - 4.1.4.3 consider candidates from a wide range of backgrounds: and
 - 4.1.4.4 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position:
 - 4.1.5 keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

- 4.1.6 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
 - 4.1.7 review annually the time required from Non-Executive Directors. The Chairman's evaluations of the performance of the Non-Executive Directors should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties: and
 - 4.1.8 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, Board service and involvement outside Board meetings.
- 4.2 The Committee will also make recommendations to the Board concerning:
- 4.2.1 formulating plans for succession for both Executive and Non-Executive Directors and in particular for the roles of Chairman and Chief Executive and any other roles determined by the Board to be key (but see 5.2.6 below);
 - 4.2.2 make recommendations to the Risk Committee in respect of the appointment and termination of appointment of the Chief Risk Officer;
 - 4.2.3 suitable candidates for the role of Senior Independent Director, High Chief Ranger and High Sub-Chief Ranger;
 - 4.2.4 chairmanship and membership of the Board's Sub-Committees;
 - 4.2.5 the re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, independence, diversity skills and experience required;
 - 4.2.6 the re-election by members of any Director under the 'retirement by rotation' provisions in the company's Rules 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;
 - 4.2.7 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; and
 - 4.2.8 any matter on which the Board requests it to make recommendations.
 - 4.2.9 relevant Director training, and assess the take up of such training on an annual basis.

5 STANDARDS

- 5.1 It is the responsibility of the Committee to monitor that the Committee follows appropriate good practice as laid down in the Society's policies, principles and values and relevant codes of practice.
- 5.2 The Committee should take due regard of regulatory requirements and guidelines, applicable legislation and the Society's business needs in its deliberations.
- 5.3 The Committee should take into account the recommendations of the Chief Executive and other members of management;

6 REPORTING

- 6.1 The Chairman shall report formally to the Board on its proceedings after each meeting and on how it has discharged its responsibilities.
- 6.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.3 The Committee shall produce a report, in accordance with any applicable governance code and any other relevant regulations or guidance, to be included in the Society's Annual report, and ensure that all appropriate disclosure obligations are fulfilled. The report shall also state the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search consultancy has been used, it should be identified in the report and a statement should be made available of whether it has any other connection with the Society.
- 6.4 The Chairman will attend the Annual General Meeting to respond to any questions on Committee activities.

7 AUTHORITY

- 7.1 The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 7.2 The Committee is authorised to obtain, at the Society's reasonable expense, outside legal or other professional advice on any matters within its Terms of Reference in accordance with any procedures agreed by the Board.

8 CHANGES IN CIRCUMSTANCES AND OTHER INTERESTS

- 8.1 The Committee will adhere to the Society's Conflict of Interest Policy, the Society Rules and relevant legislation. When there is an agenda item which poses a conflict of interest for any Committee member that member should withdraw from the meeting.
- 8.2 All declarations of conflicts of interest shall be recorded in the minutes of the meeting. They shall also be recorded in the register of interests of Directors and senior staff.
- 8.3 All Committee members are required to notify the Secretary of the Society of all other bodies in which they have a significant interest or of which they are an employee, director, partner, trustee or for which they perform a similar role.
- 8.4 All Committee members are required to notify the Secretary of the Society of any changes in circumstances which may affect their Approved Person status under the Appropriate Regulator's regulatory regime or their ability to perform their role as a member of the Committee.

9 MONITORING

The Committee will:

- 9.1 Periodically review these Terms of Reference and make any necessary proposals to the Board as to their amendment.
- 9.2 Periodically review and report to the Board on the effectiveness of the Committee.
- 9.3 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.

Approved by the Board on 11 December 2014

A handwritten signature in blue ink, appearing to read 'Glossell', is written over the text 'Company Secretary'.

Company Secretary