THE BRITISH UNITED PROVIDENT ASSOCIATION LIMITED

NOMINATION & GOVERNANCE COMMITTEE

Terms of Reference

1. Constitution and Role

1.1 The Nomination & Governance Committee was established by a resolution of the Board passed on 12 November 1992. The Committee’s current Terms of Reference were reviewed and adopted by a resolution of the Board on 20 October 2016.

1.2 The principal roles of the Committee are:-

(i) to review the balance, structure and composition of the Board and its committees. Its role also encompasses the selection and appointment of the Company’s executive and non-executive directors and giving full consideration to succession planning and the skills and expertise required by the Board to lead and manage the Company in the future. Its role also encompasses the selection and appointment of Association Members of the Company and the approval of non-executive directors and the non-executive chairman of major subsidiary companies; and

(ii) to keep the Company’s governance arrangements under review and make appropriate recommendations to ensure that the Company’s arrangements are, where appropriate, consistent with best practice governance standards.

2. Membership and Secretary

2.1 Composition The members of the Committee shall be appointed by the Board in consultation with the Chairman of the Nomination & Governance Committee. The Committee shall comprise the Chairman, the Senior Independent Director, the Chief Executive Officer and at least one other non-executive director.

2.2 Independence The majority of the members shall be independent non-executive directors.

2.3 Chairman The Chairman of the Committee shall be appointed by the Board from among the members of the Committee and shall be either the Chairman of the Board or an independent non-executive director. However, the Chairman of the Board should not chair the Committee when it is dealing with the appointment of a successor to the chairmanship. In the absence of the Chairman of the Committee, the remaining members present at any meeting of the Committee shall select one of their number to chair the meeting.
2.4 **Committee refreshment** Each member shall hold office as a committee member for a period of up to three years, which may be extended, for further periods of up to three years, provided the director remains independent and still meets the criteria for membership of the Committee.

2.5 **Knowledge** All members of the Committee are required to keep up-to-date on strategic and governance issues, commercial changes affecting the Company and the markets in which it operates and, where appropriate, shall receive induction and ongoing professional development training to ensure this.

2.6 **Disclosure of interests** Each member of the Committee shall disclose to the Committee:

(a) any personal financial interest in any matter to be decided by the Committee; and
(b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions.

2.7 **Secretary** The company secretary or his or her nominee shall be the Secretary of the Committee.

3. **Meetings**

3.1 **Frequency** The Committee Chairman, in consultation with the Secretary, shall decide the frequency and timing of the Committee’s meetings. However, a meeting of the Committee may be called by any member of the Committee or by the Secretary. Meetings shall be held as often as required to fulfil its responsibilities, with a minimum of two meetings held at an appropriate time during each financial year.

3.2 **Quorum** The quorum for meetings of the Committee shall be two members present throughout the meeting. A member may participate in a Committee meeting by telephone or by video conference and be counted in the quorum.

4. **Proceedings**

4.1 **Notice** Notice of each meeting confirming the date, time and venue shall be circulated by the Secretary to all members of the Committee and to other attendees (if appropriate) as far in advance as possible.

4.2 **Supporting Papers** Supporting papers for each meeting shall be circulated by the Secretary to all members of the Committee and to other attendees (if appropriate) at least five working days before a meeting.
4.3 **Attendance** Only the Committee Chairman and members of the Committee or Non-Executive Directors on the Board are entitled to be present at its meetings. The Committee shall, however, have the discretion to invite any other person(s) (such as Chief People Officer and any external advisers) to attend all or part of any meeting which it considers appropriate. No director shall be present when his own position is being discussed.

4.4 **Duration** Sufficient time should be allowed to enable the Committee to undertake as full a discussion as may be required at its meetings.

4.5 **Minutes** The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Minutes of Committee meetings shall be produced within ten working days of the meeting and circulated to members as soon as practicable following the meeting and to all other directors unless there is a conflict of interest or it would otherwise be inappropriate to do so.

5. **Authorities**

5.1 **Resources and support** The Committee shall be provided with sufficient resources to undertake its duties. The Committee shall have access to the services of the Secretary and the Chief People Officer on all Committee matters, including (but not limited to) assisting the Chairman in planning the Committee's work, drawing up meeting agendas, preparation and maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

5.2 **Investigation** The Committee is authorised by the Board to investigate any activity within its terms of reference and to intervene if the Committee considers it appropriate and if the Board instructs it to do so.

5.3 **Information** The Committee is authorised to seek any information it requires from any employee of the Company or any of its subsidiaries in order to perform its duties. All employees are directed to cooperate with any request made by the Committee Chairman or the Secretary acting on instructions of the Committee. The Committee will advise the Chief Executive Officer if it has exercised this authority to seek information (other than routine information) from any employee, setting out the information required and the circumstances underlying the request.

5.4 **Advice** The Committee is authorised by the Board to obtain independent legal or other professional advice, including the advice and services of external search consultants, on any matter within its terms of reference and to secure the attendance at its meetings of such advisers with relevant experience and expertise, at the Company's expense, if it considers this necessary. The Committee shall consult with the Chairman of the Board before any fees are agreed.
5.5 **Reports** The Committee is authorised to commission any reports or surveys that it considers necessary to help it fulfil its duties and responsibilities.

5.6 **Delegation** Any one or more members of the Committee may represent the Committee in dealings with potential board candidates. The Committee is not entitled to sub-delegate all or any of the powers and authorities delegated to it by the Board.

6. **Duties and Responsibilities**

The Committee shall:

(a) **Board candidates**: be responsible for identifying and nominating candidates to fill board vacancies when they arise for the approval of the Board. In identifying suitable candidates, the Committee shall consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position; consider candidates from a wide range of backgrounds with due regard for the benefits of diversity on the Board; and use open advertising and search consultants where necessary to identify candidates;

(b) **Job description**: before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;

(c) **Time commitment**: review annually the time required from non-executive directors. Performance evaluation shall be used to assess whether the non-executive directors are spending enough time to fulfil their duties, contributing effectively and demonstrating commitment to the role (including the commitment of time for board and committee meetings and other duties);

(d) **Structure, size and composition**: regularly review the structure, size and composition of the Board (including skills, knowledge, experience and diversity) and make recommendations to the Board with regard to any changes;

(e) **Succession planning**: conduct an annual review of succession planning for executive and non-executive directors, taking into account the challenges and opportunities facing the Company, and which skills and expertise are therefore needed on the Board in the future;

(f) **Leadership**: keep the leadership needs of the Company under review (both executive and non-executive) with a view to ensuring the continued ability of the Company to compete effectively in the market;

(g) **Chairman**: have a job specification for the appointment of a Chairman, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. A proposed Chairman’s other significant commitments should be reported to the Board prior to
appointment and any subsequent changes reported to the Board as they arise;

(h) **Letter of appointment**: arrange for non-executive directors to receive, on their appointment, a formal letter of appointment to the Board setting out clearly the expected time commitment, committee service expected of them and their involvement outside board meetings;

(i) **Availability of terms of reference**: make these terms of reference, explaining the role and the authority delegated to it by the Board, available on request and place them on the Company’s website.

(j) **Board performance review**: oversee the annual evaluation of the performance of the Board (including the performance of individual directors, as required) and its principal committees, including results that relate to the composition of the Board and review with the Board the results of these assessments, as appropriate, and oversee the implementation of any resulting action plan.

(k) **Committee performance review**: at least once a year, review its own performance, composition and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;

(l) **Conflicts of Interest**: prior to the appointment of a Director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and require them to report any future business interest that could result in a conflict of interest.

(m) **Board Governance**: monitor developing trends, initiatives or proposals and make recommendations on implementation to the Board on board governance issues including board policies and practices as necessary or appropriate to enable the Board to operate effectively and efficiently;

(n) **Corporate Governance Report**: review and approve the annual Corporate Governance Report for inclusion in the Company’s Annual Report and Accounts;

(o) **Association Members**: be responsible for the identification and nomination of individuals to become Association Members. In identifying suitable candidates, the Committee shall seek to recruit individuals who can relate to an international group with a mixture of health and care businesses and who are:

- Independent of Bupa;
- Able to make a valuable contribution;
- Supportive of Bupa’s aims and objectives;
- Distinguished and respected as individuals in their own field;
- Able to be an ambassador for Bupa;
- Complementary to Bupa’s other Association Members; and
- Possessing recent and relevant experience.
The Committee may use search consultants where felt necessary to identify appropriate individuals.

(p) Subsidiary Governance: in accordance with the Subsidiary Governance Policy, review major subsidiary corporate governance arrangements and approve the appointment of non-executive directors and non-executive chairman prior to their appointment;

(q) Terms of Reference: at least annually review the Terms of Reference of the Committee, to ensure that they remain appropriate and fit for purpose and to recommend to the Board any changes considered necessary or desirable; and

(r) Board Committees: work and liaise as necessary with other Board Committees; and

(s) Other matters: consider any other matters referred to the Committee by the Board.

7. Corporate Governance Standards

In discharging its responsibilities, the Committee shall have regard to established and evolving best practice corporate governance standards including voluntary codes. Where the Committee believes that departure from these standards or codes, including the UK Corporate Governance Code, is appropriate, it shall recommend to the Board the appropriate explanation or justification as required for inclusion in the Company’s external disclosures.

8. Recommendations

The Committee shall make recommendations to the Board with regard to:

(a) Size, structure and composition: matters arising out of its review of the size, structure and composition of the Board;

(b) Re-appointment of NEDs: the re-appointment of any non-executive director at the conclusion of his or her term of office, having given due regard to his or her performance, commitment to the role and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(c) Succession planning for key roles: the formulation of succession plans for key roles, including the Chairman and Chief Executive Officer as well as the executives and non-executives;

(d) Secretary: the appointment or removal of the company secretary;

(e) SID: suitable candidates for the role of senior independent non-executive director;
(f) **Other committees:** membership of the Audit, Risk, Nomination & Governance, Remuneration and any other Board Committees, in consultation with the chairmen of those committees;

(g) **Rotation:** whether a director who is due to retire under the UK Corporate Governance Code’s annual re-election provisions should be put forward for re-election having due regard to his or her performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board, particularly in relation to directors being re-elected for a term beyond six years;

(h) **Appointments:** the appointment of any director to executive or other office (other than to the positions of Chairman and Chief Executive Officer, the recommendation for which should be considered at a meeting of the Board);

(i) **Executive Board directors:** 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 any applicable service contract;

(j) **Association Members:** the appointment of new Association Members for the Company;

(k) **Conflicts of Interest:**

   (i) Whether any such conflict should be authorised and, if so, as to the terms and conditions on which any such authorisation should be given by the Board;

   (ii) Review on an annual basis any authorisation given by the Board in order to determine whether the authorisation given should stand on the terms and conditions on which it has been given or whether additional terms and conditions should be imposed or whether the authorisation should be revoked (subject to giving the relevant director notice of the proposed revocation); and

   (iii) In the case of review of the interests of, and authorisations given by the Board to members of the Committee, the affected director shall not participate in the review or in discussions or decisions of the Committee which relate to that director.

(l) **General:** any other matter which the Committee considers appropriate on any area within its remit where action or improvement is needed;

(m) **The UK Corporate Governance Code (the “Code”):** matters set out in the Code, including but not limited to, provision B.2 (entitled "Appointments to the Board").
9. Reporting

9.1 The Board The Chairman of the Committee (or a Committee member nominated by the Chairman) shall report to the Board on the proceedings of each Committee meeting and on all matters within the Committee’s duties and responsibilities and make any recommendations it deems appropriate on any area within its remit where action or improvement is needed.

9.2 Annual report The Chairman and Committee members shall be identified each year in the Company’s Annual Report. The Committee shall also prepare a statement for inclusion in the Annual Report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used it shall be identified in the Annual Report and a statement made as to whether it has any connection with the Company.

9.3 Diversity The report referred to in 9.2 above should include a statement 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.

9.4 AGM The Chairman of the Committee shall attend the Company’s Annual General Meeting and be available to respond to any questions on the Committee’s activities and areas of responsibility.

10. Definitions

Board means the Board of Directors of the Company.

Committee means the Nomination & Governance Committee of the Board.

Company means The British United Provident Association Limited.

Bupa means the Company and its subsidiary companies.