

**Liverpool Victoria Financial Services Limited (LVFS)
Corporate Governance and Nomination Committee (“Committee”)
Terms of Reference**

Status and Source of Authority	<p>Sub-committee of the board of directors of LVFS (the Board).</p> <p>Authority is derived from the Board’s establishment of the Committee and the approval by the Board of these Terms of Reference on 28th January 2021.</p> <p>These Terms of Reference replace in their entirety those last adopted on 30th January 2020.</p>
Main purpose	<ul style="list-style-type: none"> • To review and evaluate the size, structure and composition of the Board and its Committees and ensure succession plans are in place for the Board, the Executive Committee, Senior Management and the Company Secretary; • To identify and recommend candidates, based on merit and against objective criteria, for approval and appointment to the Board; • Oversight of the LVFS’ governance arrangements to ensure compliance and alignment with the LVFS’ strategic priorities; • Responsible for monitoring the Group’s compliance with applicable laws, rules and regulations and advising the Board of any governance issues to enable the Board to operate effectively and efficiently; and • To determine and lead the process for the annual Board Effectiveness Review.
Membership	<ul style="list-style-type: none"> • Members: • At least three non-executive directors (NEDs) of LVFS; one of which to be the Chair of the Committee as determined by the Board; and one of which must be the Senior Independent Director (SID). • When the Committee is dealing with the matter of the succession to the chair of the Board, the SID should chair the meeting for that matter. • The Board will appoint the members of the Committee.
In attendance	<ul style="list-style-type: none"> • The Committee may invite such other persons (e.g. HR Director, Director of Finance, Chief Risk Officer, external advisers) to its meetings to observe, report, answer questions or make presentations, as it deems necessary.
Secretary	The Company Secretary or his/her delegate.
Quorum	Two members.
Meeting frequency	<ul style="list-style-type: none"> • Meetings shall be held at least twice a year.
Notice of Meetings	<ul style="list-style-type: none"> • Meetings may be convened, by the Secretary, at the request of the Committee chair, any of its members or the CEO. • In circumstances where a decision is required to be made in a timely fashion, the interim meeting may take place by e-mail and shall be valid if the e-mail has been circulated to all members of the Committee and the decision is approved by a quorum. • The Secretary shall circulate the agenda (including the venue, time and date of the meeting) together with the supporting documentation

	to the Committee members a reasonable period in advance of each meeting.
Minutes	<ul style="list-style-type: none"> • The Secretary shall minute an accurate record of the proceedings and decisions of the Committee. • The draft of the minutes, as approved for issue by the Chair, shall be presented to the next meeting of the Committee for formal adoption. • Where meetings take place by exchange of email, copies of the emails shall be included in the minute book as the minutes of the email meeting.
Conflicts of Interest	<ul style="list-style-type: none"> • The Secretary shall ascertain any conflicts of interest of members of the Committee at the start of each meeting in relation to the matters to be discussed and record accordingly in the minutes. • The Chair may require any such conflicted member to withdraw from the meeting whilst the matter is considered by the Committee.
Decide	<ol style="list-style-type: none"> 1. The selection process for NEDS and executive Board directors, and in particular for the key roles of Chair and Chief Executive; 2. Before any appointment is made to the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board to determine the job specification, including the time commitment required and expected; 3. The fees for the Members of the With-Profits Committee. For the avoidance of doubt, NED fees are agreed by the Board and the Chair fees by the Remuneration Committee; 4. The process for the annual Board and Board Committee Effectiveness Reviews; 5. Following any changes, the fitness and propriety of Board and Senior Management; and 6. The authority limits for the CEO ("Delegation of Authority").
Recommend to the Board	<ol style="list-style-type: none"> 1. Annual nomination for re-election of all directors (as per the requirements of the Corporate Governance Code) or on a voluntary basis having regard to his/her independence, performance and ability to continue to contribute effectively to the Board and the need for progressive refreshing of the Board and Committees; 2. All proposed appointments to the Board, whether NED or executive, including the position of SID and Company Secretary; 3. Changes to the membership of the Audit, Investment, Remuneration and Risk Committees and any other Board Committees as appropriate, after consultation with the Chair of the relevant Committees to ensure that each committee possesses the appropriate balance of skills, knowledge and experience; 4. Review and recommend to the Board for approval, the Directors' Governance Report for LVFS' Annual Report and Accounts (guidance note 5); 5. At least once a year, review the Committee's constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board; and 6. Any governance matters which require escalation to, or Board approval.

Oversight	<p><u>Appointments and Succession Planning:</u></p> <ol style="list-style-type: none"> 1. Continuously review the structure, size and composition of the Board and its Committees, having due regard for a balance of skills, experience, knowledge, background and diversity to identify the current and future needs of the Board; 2. Ensure there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board by the use of external advisors to facilitate the search; 3. Oversee the Regulatory process and applications for approved persons, including the Board, Executive and Senior Management, which have been escalated to the Committee; 4. Ensure that on appointment, each Non-Executive Director receives a formal letter of appointment clearly outlining the time commitment expected; 5. Ensure that there is an appropriate succession plan and a diverse pipeline in place for the Board, its Committees, the Executive Committee, Senior Management and the Company Secretary taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future; 6. Ensure that both appointments and succession plans are based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths; and 7. Oversight of proposed permanent and interim appointments to the Executive team. <p><u>Non-Executive Directors:</u></p> <ol style="list-style-type: none"> 1. Annual appraisal of the performance of the Non-Executive Directors by the Chair. The SID, with assistance from the Non-Executives, is responsible for reviewing the performance of the Chair; 2. Annually review the independence of the Non-Executive Directors to ensure that they continue to meet the requirements of the UK Corporate Governance Code; 3. Prescribe and monitor the continuing professional development of the Board in light of LVFS' requirements for the position; 4. Annually review the time required of a Non-Executive Director to ensure effective fulfilment of the role, including reviewing the number of external directorships and commitments held; and 5. Annually review the division of responsibilities of the Chair and CEO. <p><u>Governance:</u></p> <ol style="list-style-type: none"> 1. Oversee and annually review the Group's governance framework including the Management Responsibilities Maps; 2. Oversee and regularly review the CEO's authority limits ("Delegation of Authority"); 3. Monitor developing trends and changes in legislation to assess the impact (if any) to LVFS; 4. Annually receive and review an assessment of the continued fitness and propriety of Senior Managers (Approved Persons), including notified Non-Executive Directors; 5. Ensure that a comprehensive board evaluation process occurs annually for the Board and Board Committees; ensuring that at least every
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	<p>three years, in line with the Corporate Governance Code the process is externally led. The Committee is responsible for engaging the external facilitators and overseeing the implementation of the recommendations from the review that relate to the composition of the board and succession planning;</p> <p>6. Conduct an annual review of the Board's Conflicts of Interest Register and provide guidance and matters for escalation to the Board;</p> <p>7. Review the Board's training programme and identify any areas for development; and</p> <p>8. Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the board is reviewed regularly.</p>
Consult (With Profits Committees)	Not applicable.
Notify (With Profits Committees)	Not applicable.
Delegated Authorities	<p>Delegation onwards (for a recommendation back)</p> <p>Not applicable.</p> <p>Delegation onwards (unconditional)</p> <p>Not applicable.</p>
Escalation	<p>To:</p> <p>The Board.</p> <p>From:</p> <p>Not applicable.</p>
Guidance Notes	<ol style="list-style-type: none"> 1. When making any decision or recommendation, the Committee must have due regard to applicable laws and regulations including the PRA and FCA's Principles and Rules and the provisions of the UK Corporate Governance Code. 2. Where making a decision or recommendation the Committee shall consider the material risks impacted by the decision/recommendation. 3. The Committee is authorised to obtain independent legal or other professional advice on any matters within the Terms of Reference, at the Company's expense. 4. The Chair of the Board should not chair the Committee when it is dealing with the process regarding the appointment of his successor. The SID should lead the search for the Chair's successor. 5. The Committee should disclose in LVFS' Annual Report: <ol style="list-style-type: none"> i) its activities, the process used to make appointments including if and which search consultants were used; ii) the approach used to succession planning and how the appointment processes and succession planning helped to support the development of a diverse pipeline; iii) how the board evaluation has been conducted including the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition;

	<p>iv) the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and</p> <p>v) the gender balance of those in the senior management and their direct reports.</p> <p><u>Effectiveness</u></p> <p>6. To perform his or her role effectively, each Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Committee’s responsibilities and of LVFS’ business, operations and risks.</p> <p>7. Each member will need to keep up-to-date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.</p> <p>8. On an annual basis, the Committee will conduct a review of its effectiveness having regard both to the discharge of its requirements under the Terms of Reference and the areas of priority set. This should include a review of the adequacy of the Chair of the Committee, Non-Executive Director’s contribution and time commitment and the effectiveness of working relationships with other committees (notably, the Board and the Remuneration Committee). The Committee will report accordingly to the Board with any recommendations from the review.</p> <p>9. The Committee will consider every three years, and more frequently if the Chair deems appropriate, whether external assistance with the review should be obtained in order to comply with best practice.</p> <p>10. The Committee will keep its Terms of Reference under review and will propose to the Board amendments to the Terms of Reference as necessary to ensure that they continue to be appropriate and reflect any issues, which arise from the effectiveness review.</p> <p>11. At the end of each meeting, the Committee will briefly consider the effectiveness of the meeting, taking into account the quality of the papers and debate, the sufficiency of time and its appropriate allocation across matters relative to their respective importance.</p>
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Effective From and To	30 January 2020 – 27 January 2021