

Terms of Reference – With Profits Committee

1. Membership

- 1.1 The Committee shall comprise at least five members, the majority of whom shall be non-executive directors. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the With Profits Committee.
- 1.2 Each member of the Committee should have appropriate skills and experience and collectively the appointed members should have skills and experience relevant to the conduct of with-profits business and the fair treatment of with-profits policyholders.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Actuary / With Profits Actuary, members of the finance function and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of three years.
- 1.5 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

2. Secretary

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

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be three. 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.

4. Frequency of Meetings

- 4.1 The Committee shall meet four times a year and otherwise as required.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 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, and any other person required to attend no later than five 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.

6. Minutes of Meetings

- 6.1 The Society shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and to the Board.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to answer member questions on the Committee's activities.

8. Duties

- 8.1 The Committee's role is to advise the Board on the management of the Society's with-profits business and in this respect the following are its duties:

- 8.1.1 monitor, and report to the Board on, compliance with the Society's Principles and Practices of Financial Management (PPFM);

- 8.1.2 produce on behalf of the Board, an annual report to with-profits policyholders stating whether the Society believes it has complied with the obligations contained in the PPFM and the evidence and reasons for that belief.

- 8.2 In advising the Board the Committee shall monitor and consider all relevant issues and information, including but not limited to:

- 8.2.1 the rights, interests or expectations of different classes and generations of with-profits policyholders;

- 8.2.2 the way in which the management, including the With-Profits Actuary, exercises any discretion that it has in the conduct of the Society's with-profit business;

- 8.2.3 the way in which the management, including the With-Profits Actuary, addresses any competing or conflicting rights, interests or expectations of its policyholders (or groups of policyholders);

- 8.2.4 the Society's compliance with the PPFM.

- 8.3 In executing the duties above, the Committee must apply independent judgement and provide independent challenge to the Board in relation to the management of the With Profits business.

9. Reporting Responsibilities

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

10. Other Matters

The Committee shall

- 10.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 10.2. 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.
- 10.3. give due regard to laws and regulations and the provisions of the Annotated UK Corporate Governance Code.
- 10.4. 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.

11. Authority

- 11.1 The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.