

1.0 OBJECTIVE

- 1.1 The Managing Board's objective is to develop and implement the strategic direction of the Society taking due account of the expectations of the Committee of Management regarding the overall values and principles of the organisation, the strategic vision, membership, relationships with the police service and long term product/service objectives and ensure that the Society operates in accordance with its legal and regulatory responsibilities and its reputation is upheld in accordance with the expectations of the Committee.
- 1.2 The Committee of Management will provide to the Managing Board its expression of the aspirations of the Society's membership and it is the responsibility of the Chief Executive and Managing Board to translate those expressed aspirations so as to design, deliver and operationally control a suitable range of products and services to the Society's membership.

2.0 COMPOSITION

- 2.1 The Chief Executive has responsibility for the day-to-day management of the regulated activities of the Society and the Police Mutual Group. The Chief Executive is to be supported by Executive directors of the Society appointed by the Chief Executive who will form part of the Managing Board. Between two and five non-executive directors will also form part of the Managing Board together with the Chairman of the Committee of Management, each of whom shall be appointed to the Managing Board by the Committee of Management.
- 2.2 The Committee of Management shall appoint the Chairman of the Managing Board.
- 2.3 In the absence of the Managing Board Chairman, the remaining members present shall elect one of their number to chair the meeting.
- 2.4 The Company Secretary shall be Secretary of the Managing Board.
- 2.5 Only members of the Managing Board have the right to attend Managing Board meetings. However other individuals, such as members of the senior management team may attend meetings at the invitation of the Chairman of the Managing Board.
- 2.6 Attendees are not members of the Managing Board and they may collectively or individually be requested to withdraw from meetings of the Managing Board if required to do so by the Chairman of the Managing Board.

3.0 MEETINGS

3.1 Quorum

The Managing Board must comprise a quorum of at least two members one of whom must be a non-executive member and one an executive member. 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. A quorum may be present in person or in communication with each other by telephone. To count in the quorum a person who is in communication with the others by telephone must be able to hear fully, and participate in, the proceedings.

3.2 Frequency

The Managing Board will meet no less than eight times in one calendar year. Additional ad-hoc/event-driven meetings may be called by any member of the Managing Board or by the Company Secretary.

3.3 Notice

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 Managing Board no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Managing Board members and to other attendees as appropriate at the same time. Ad hoc meetings to deal with unexpected or unusual events may be called at short notice.

3.4 Minutes

The Secretary shall keep appropriate records of all meetings with appropriate minutes of the proceedings and resolutions so as to provide evidence that the Managing Board is discharging its responsibilities and as required by the record keeping requirements implicit within the FSA's Rules relating to the exercise of Senior Management Arrangements, Systems and Procedures of Control.

Board minutes are to be circulated by the Company Secretary to all members of the Managing Board, and to the Committee of Management.

The Managing Board may make decisions outside of meetings in writing provided all members of the Managing Board sign to confirm their approval of the decision.

3.5 Reporting

The Chairman of the Managing Board and the Chief Executive shall report its proceedings to the Committee of Management and attend general meetings prepared to respond to any questions on the Managing Board's activities.

4.0 DUTIES

4.1 Strategic Planning

The Managing Board is to develop an overall group strategy and corporate vision, setting standards and driving performance towards long term objectives.

4.2 Business Planning

4.2.1 The Managing Board is to develop an annual business plan and associated budget compatible with the strategic aims of the Society. The business plan must be sufficiently robust in order that it is able to identify and manage those risks to the long term objectives of the Society of a regulatory, or other, nature and be updated on a regular basis.

4.2.2 The Managing Board is to formally review the Annual Business Plan and Budget prior to its delivery to the Committee of Management. The review will ensure that the risks to the Annual Business Plan and Budget have been considered appropriately.

4.3 Business Development

4.3.1 The Managing Board is to oversee and ratify where appropriate proposals for business development that may include the formation of additional subsidiary operations and other associations with third parties, giving due regard to the impact they may have on the strategy and risk profile of the Society.

4.4 Investment Management Strategy

4.4.1 The Managing Board is to oversee the development and approval of an investment policy commensurate with the aims and objectives of the Society as contained within the Society's product, or other, literature and to monitor investment performance.

4.5 Actuarial Roles and Society's Funds

4.5.1 The Managing Board is to appoint, and terminate when necessary, the services of a Head of Actuarial Function and a With-Profits Actuary

4.5.2 With the advice of the Head of Actuarial Function the Managing Board is to:

- develop and approve the distribution of surpluses and bonuses
- amend terms of contributions and benefits and development of new products following formal certification by the Head of Actuarial Function
- approve the investment of surplus funds, in whatever form, over and above those required to meet anticipated liabilities
- review the financial standing, which includes the Society's solvency capital requirements in respect of its long-term business as required by the Friendly Society's Act/FSA
- review the draft financial statements prior to submission to the Committee of Management
- review the methodology, robustness of the underlying assumptions and set the basis for actuarial valuations and capital measurements

4.5.3 The Managing Board should seek advice from the With-Profits Actuary on key aspects of the discretion to be exercised affecting the with-profits business of the Society. The Managing Board will also need to consider the annual report to the Board from the With-Profits Actuary on the exercise of this discretion.

4.6 Risk, Compliance and Performance Reporting

4.6.1 The Managing Board is to set the strategy for taking risks by expressing its risk appetite which provide the broad basis for decision making and exception reporting.

4.6.2 The Managing Board is to approve the Society's risk management system, which includes risk related policies, structures and information that is sufficient for it to exercise its risk governance role.

4.6.3 The Managing Board is to establish a system of management information designed to ensure reports are received by the Managing Board detailing issues relating to:

- risk and capital management, significant exposures and mitigating actions
- review of the approach for determining regulatory capital and its approval
- policies that may impact on risk-taking behaviour and long term decision-making process
- regulatory Compliance
- performance against the business plan and Key Performance Indicators

and enable it to take any necessary corrective action.

4.6.4 The results of the above reporting will form the basis of reporting to the Committee of Management as to whether the aspirations and expectations of the Society's membership have been achieved, significant exposures have arisen and to the regulatory authorities as to whether their requirements have been complied with during the period under review.

4.6.5 The Committee expects that the Chief Executive and Managing Board may institute a system of committees and, when considered necessary, sub-committees to act as part of the overall risk, control and review framework of the Group. The Managing Board will appraise the Committee of Management of significant changes to the composition of these committees and/or their terms of reference in order to ensure that the operation of these committees remains within the scope of the responsibilities of the Chief Executive and Managing Board.

4.7 PPFM and treating with-profits policyholders fairly

4.7.1 The Managing Board will consider and report to with-profits policyholders and the FSA on its exercise of discretion in the conduct of with-profits business and compliance with the PPFM. In doing so consideration will be given to the interests and fair treatment of with-profits customers.

4.8 Miscellaneous Requirements

4.8.1 The Managing Board will, as a collective body, consider any matters relating to the regulated activities of the Society and the Group and in addition:

- approve individuals as authorised signatories of the Society
- direct in which individual's custody the Common Seal of the Society shall be kept
- authorise the use of the Common Seal and individuals to countersign such documents to which the Common Seal is used or affixed
- agree matters relating to officers' liability insurance
- exercise the powers of the Committee of Management laid down in rule 24 of the Society's Memorandum and Rules dated 1 July 1999 and as amended from time to time thereafter
- approve changes in the Trust Deed and Rules of the Staff Pension Fund, changes of Trustees, changes in the fund management arrangements and other decisions relating to the Staff Pension Fund or PMAS Nominees Limited when these are subject to the approval of the Society
- approve reasonable travelling, hotel and other expenses as might be incurred while attending the Society business of any officer of the Society or member of the Delegate Council and approve, by resolution of the Managing Board, payment of professional or other work done on behalf of the Society by such people in addition to the person's usual services as an officer
- authorise the Chief Executive, as an Approved Person with responsibility for apportionment and oversight to approve and amend the Terms of Reference of the Executive team as appropriate
- authorise the Executive team to approve the Powers & Authorities Manual

5.0 AUTHORITY

- The Managing Board is authorised by the Committee of Management, when the fulfilment of its duties requires and at the Society's expense, to obtain independent legal or professional advice and secure the attendance of external advisers at its meetings on any matters within its terms of reference. The Managing Board shall have full authority to commission any reports or surveys it deems necessary to help fulfil its obligations.
- The Managing Board is authorised by the Committee of Management to seek any information it requires from any employee of the Society or its subsidiaries in order to perform its duties.
- The Managing Board shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required