

## **Terms of Reference: With-Profits Committee (updated on 16 September 2009)**

### **1.0 OBJECTIVE**

- 1.1 To provide the Managing Board with an independent assessment of the Society's compliance with its Principles and Practices of Financial Management (PPFM) and how any competing or conflicting rights and interests of policyholders have been addressed.

### **2.0 COMPOSITION**

- 2.1 The Managing Board will appoint the members of the With-Profits Committee. This should be made up of members of the Managing Board and include at least two non-executive directors and no more than one executive director. In addition, there may be one or more non-director members of this Committee. Any non-director will be independent of the Society.
- 2.2 The Chairman of the Committee shall be appointed by the Managing Board and will not be an executive director.
- 2.3 In the absence of the Committee Chairman, the remaining members present shall elect one of their number to chair the meeting.
- 2.4 The Company Secretary, or their nominee, shall be the secretary of the Committee.
- 2.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as members of the Actuarial function together with other relevant persons may attend meetings at the invitation of the Chairman of the Committee as and when appropriate.
- 2.6 The With Profits Actuary will be invited to attend all meetings of the Committee either in person or by telephone.
- 2.7 Attendees are not members of the Committee and they may be collectively or individually requested to withdraw from meetings of the Committee if required to do so by the Chairman of the Committee.

### **3.0 MEETINGS**

#### **3.1 Quorum**

The Committee shall have a quorum of two members. 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 Committee will meet formally at least four times a year. Additional ad-hoc/event-driven meetings may be called by any member of the Committee or the secretary or the With Profits Actuary.

#### **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 Committee no later than 3 working 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. Ad hoc meetings to deal with unexpected or unusual events may be called at short notice.

The Committee may reach conclusions outside of meetings in writing provided all members of the Committee sign to confirm their approval of the decision.

#### 3.4 Minutes

The secretary shall keep appropriate records of all meetings of the Committee with appropriate minutes of the proceedings and resolutions, copies of which shall be circulated to all members of the Committee and Managing Board.

#### 3.5 Reporting

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

The Committee shall make whatever recommendations to the Managing Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee may wish to make a statement or report to with-profits policyholders. The Society will facilitate this and annex any such report to its own report on its compliance with PPFM. Any such report must take account of the annual report produced by the With-Profits Actuary on the Society's exercise of discretion.

#### 4.0 **DUTIES**

The Committee is not a decision making body. The Committee shall:

- consider the rights, interests and expectations of different classes and generations of with-profits policyholders
- consider the way in which the Society has exercised its discretion in the conduct of its with-profits business
- consider the way in which the Society has addressed any competing or conflicting rights, interests or expectations of its with-profits policyholders or groups of policyholders
- consider the Society's compliance with its PPFM.
- consider the way in which any proposed changes to the PPFM might affect the rights, interests and expectations of with-profits policyholders.

#### 5.0 **AUTHORITY**

- The Committee is authorised by the Managing Board, when 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 meeting if it deems necessary. The Committee shall have full authority to commission any reports or surveys it deems necessary to help fulfil its obligations.
- The Committee shall have the power to call any member of staff to be questioned at a meeting of the Committee.
- The Committee is authorised to seek any information it requires from any employee of the Society or its subsidiaries in order to perform its duties.