

TERMS OF REFERENCE FOR WITH PROFITS COMMITTEE

Objective

1.1 To provide the Committee of Management with an independent assessment of the Society's Financial position and assess how any competing or conflicting rights and interests of policyholders have been managed.

2.0 Composition

2.1 The Committee of Management will appoint the members of the With-Profits Committee. This should be made up of members of the Committee of Management and will exclude the Chair of the Society, the vice Chair, the Senior Independent Director and the Chair of Audit and Risk. 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 Committee of Management

2.3 In the absence of the Committee Chairman, the remaining members present shall elect one of their numbers to chair the meeting.

2.4 The Committee will appoint a secretary to the Committee who may not be a member 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 that are not members of the Committee 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 three 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 once a year. Additional ad-hoc/event-driven meetings may be called by any member of the Committee 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 7 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 Committee of Management and attend general meetings prepared to respond to any questions on the Committee's activities. The Committee shall make whatever recommendations to the Committee of Management 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. 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 of and expectations of its with-profits policyholders or groups of 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.

