

Board

Purpose

To ensure that the Society is run in the best interests of members.

To develop and implement the strategic direction of the Society.

To ensure that the Society is governed in accordance with regulators' principles and rules and its rulebook.

To ensure the Society has in place adequate risk management procedures and systems and controls.

Membership / Attendance / Quorum

A majority of the Board shall be Non-executive Directors

Appointed to the Board should be following recommendation made by the Nomination Committee.

Appointment to the Board is subject to the rules of the Society and election of the membership at an Annual General Meeting.

A quorum shall be a majority of the Board present at the meeting, providing over half of those present are Non-executive Directors.

Meetings

A minimum of 6 meetings per year shall be held.

Authority limits

The Board is the ultimate decision making body of the Society.

It may agree priorities for its work.

It may seek any information it requires from any employees who are instructed to co-operate with its requests.

The Board has access to external expertise in line with the Board's policy statement.

Support

The Society Secretary will act as minute secretary.

The Board will have access to administrative support from within the Society.

Minutes / reporting procedure

Minutes of meetings of the Board will be circulated to all members of the Board within 14 days of the meeting.

The Board's duties and activities during the year shall be disclosed in the Annual Report and Accounts.

The Chairman shall attend the AGM and answer questions on the Board's activities.

Duties

1. Strategy

- 1.1 To develop an overall strategy and vision for the Society.
- 1.2 To set standards for the conduct of all Board members and staff.
- 1.3 To develop an annual business plan and associated budget compatible with the strategic aims and risk profile of the Society.
- 1.4 To review on a regular basis performance against the business plan to enable the Society to take corrective action when necessary.

2. Governance

- 2.1 To ensure the highest standards of corporate governance and compliance with the regulators' rules and the Annotated Corporate Governance Code.
- 2.2 To review annually the Board's Terms of Reference and overall corporate governance structure.
- 2.3 To review annually the performance of the Board.
- 2.4 Following recommendation from the Nomination Committee consider the appointment of new Non-executive Directors.
- 2.5 Establish, with appropriate Terms of Reference, Committees of the Board and appoint their members and Chairman.
- 2.6 Establish and review Board policy statements.

3. Risk Management

- 3.1 To determine the risk appetite and set an appropriate risk management framework.
- 3.2 To ensure appropriate management information is available and to review such information to ensure the Society is managed within the agreed risk appetite.
- 3.3 To receive, challenge and if appropriate implement the recommendations of the Risk Committee.

4. Internal Audit

- 4.1 To receive, challenge and if appropriate implement the recommendations of the Audit Committee.

5. Remuneration

- 5.1 To receive and challenge the report of the Remuneration Committee.
- 5.2 To ensure the agreed strategy is implemented.
- 5.3 To approve the remuneration of Executive Directors.

6. External advisers

- 6.1 To approve the appointment of all external advisers to the Society in accordance with the Board's policy, following advice from the appropriate committee.

7. Investment Management

- 7.1 To develop and implement an appropriate investment strategy based on actuarial advice and the Society's appetite for risk.
- 7.2 Following recommendation by the Investment Committee, set appropriate treasury management and counterparty limits and to approve the opening of bank accounts.
- 7.3 To monitor investment performance.

8. Compliance

- 8.1 To ensure that the Society complies with the regulators' principles, rules and guidance.
- 8.2 To ensure that the Society is run in accordance with its rulebook.

- 8.3 To ensure that the Society maintains the minimum required levels of solvency.
- 8.4 To ensure sufficient resources are available for the implementation of the compliance development plan.
- 8.5 To approve the Annual Report and Accounts.

9. With-profits management

- 9.1 To ensure that members are treated fairly.
- 9.2 To appoint a With-profits Committee with independent members and appropriate Terms of Reference to scrutinise the Board's management of the With-profits Fund.
- 9.3 To review and update the Society's Principles and Practices of Financial Management.
- 9.4 To determine the statutory valuation assumptions and approve the valuation results, the asset share methodology and the apportioning of charges and expenses.
- 9.5 To agree the level of reversionary, interim and terminal bonus paid to each policy type and duration and the level of any Market Value Reduction (MVR).
- 9.6 To review annually the appropriateness of remaining open to new business.
- 9.7 To approve the launch of all new products and tables and the withdrawal of existing products.

10. Allocation of resources

- 10.1 To ensure that resources are available for the Society to achieve its objectives and operate compliantly.
- 10.2 To ensure effective use of the resources available for generating new business.
- 10.3 To approve an authority mandate detailing the authority of individual officers and staff.
- 10.4 To approve all significant transactions including major purchases, long term contracts and transfers of engagements.
- 10.5 To ensure appropriate Directors and Officers Liability Insurance is in place.

11. General

- 11.1 To ensure a culture of Treating Customers Fairly is embedded throughout the Society.
- 11.2 To explicitly approve any charitable or political donations being made by the Society.
- 11.3 To discuss any other topics considered appropriate.

Healthy Investment Terms of Reference

Audit Committee

Purpose

To provide independent oversight of the Society's systems of internal control and financial reporting.

Membership / Attendance / Quorum

The Chairman of the Committee shall be appointed by its members and must be an Independent Non-executive Director.

In addition at least 2 other Independent Non-executive Director shall be members of the Committee.

At least 1 member of the committee must have competence in accounting and/or auditing.

Members of the Committee shall be appointed by the Board following recommendation made by the Nomination Committee, following approval of the PRA in accordance with the Senior Insurance Managers Regime.

Appointments to the committee shall be for a period of up to 3 years, which may be extended for further periods of up to 3 years, provided the director still meets the criteria for membership of the Committee.

The Chief Executive, Director Finance and Risk, internal auditor and external auditor shall attend only at the invitation of the Committee.

The Chairman of the Board shall not be a member of the Committee but shall have the right to attend meetings of the Committee.

Each year there shall be 1 meeting or part of a meeting where the external and internal auditors have the opportunity to attend without other management present.

A quorum shall be 2 members present.

Meetings

A minimum of 2 meetings per year shall be held, with additional meetings as necessary.

Additional meetings may be held:

- To undertake retendering interviews of internal and external auditors
- At the request of the external or internal auditors
- At the request of the Board

Authority limits

The Committee has the authority to investigate any activity within its Terms of Reference.

It may agree priorities for its work.

It may seek any information it requires from any employees who are instructed to co-operate with its requests.

The Committee has access to external expertise in line with the Board's policy statement.

Support

The Committee will have the use of a minute secretary.

The Committee will have access to administrative support from within the Society.

Minutes / reporting procedure

Minutes of meetings of the Committee will be circulated to all members of the Board within 14 days of the meeting.

The Committee Chairman or his/her nominee shall report formally to the Board on its proceedings after each meeting.

The Committees duties and activities during the year shall be disclosed in the Annual Report and Accounts.

The Chairman of the Committee shall attend the AGM and answer questions on the Committees activities.

Duties

1. External Audit

- 1.1 To ensure open communication between the external auditors, Committee and Board.
- 1.2 To oversee the formal tendering process, in accordance with the Board's policy on outsourcing and make recommendation to the Board.
- 1.3 To consider the annual recommendation to reappoint the external auditor by assessing their independence, quality control procedures and response to changes in regulatory requirements and to make recommendation to the Board and members on their reappointment.
- 1.4 To recommend the audit fee to the Board.

- 1.5 To approve the level and remuneration of non-audit services provided by the external auditor to ensure independence and objectivity and appoint and approve the remuneration of other specialist advisers
- 1.6 To discuss and agree, before the audit commences the nature and scope of the audit.
- 1.7 To review the external auditors management letter and managements response.
- 1.8 To review the findings of the audit with the external auditor and to meet with the auditors without management present.

2 Internal Auditors

- 2.1 To ensure open communication between the internal auditors and Board.
- 2.2 To oversee the formal tendering process, in accordance with the Board's policy on outsourcing and make recommendation to the Board.
- 2.3 To monitor and review the effectiveness of the Society's internal audit function in the context of the Society's overall risk management framework.
- 2.4 To agree an annual programme of internal audit work based on an assessment of risk.
- 2.5 To ensure adequate resources are allocated to internal audit work.
- 2.6 To review the reports of the internal auditor and consider managements response to internal audit recommendations.
- 2.7 To review the findings of the audit with the external auditor and to meet with the auditors without management present.
- 2.8 To monitor the performance of the outsourced internal audit service provider.
- 2.9 To recommend to the Board the appointment or removal of the Head of Internal Audit (SIMF5).

3. Financial reporting

- 3.1 The Committee shall monitor the integrity of the financial statements of the Society, reviewing significant financial reporting issues and judgements which they contain.
- 3.2 To review the appropriateness and consistency of accounting policies and procedures.

- 3.3 To review the Solvency II actuarial documentation.
- 3.4 To review and challenge the Annual Report and Accounts prior to presentation to the Board.
- 3.5 To ensure that the Annual Report and Accounts complies with the Annotated Corporate Governance Code and relevant accounting standards.

4. Compliance

- 4.1 To receive and review the annual money laundering report, presented by the Money Laundering Reporting Officer at the first meeting of the year.
- 4.2 To review the Society's fraud and financial crime prevention arrangements and experience.
- 4.3 To review the governance of the CTF unit pricing.

5. General

- 5.1 To support the Board in ensuring a culture of TCF is embedded throughout the Society.
- 5.2 To take responsibility for the review of risks allocated to the committee on the Risk Register.
- 5.3 To discuss any other topics delegated by the Board.
- 5.4 To review annually the Committee's Terms of Reference and performance.
- 5.5 To review the adequacy and security of the Society's whistleblowing arrangements annually.

Healthy Investment Terms of reference

Risk Committee

Purpose

To provide independent oversight of Society's risk management system.

Membership / Attendance / Quorum

The Chairman of the Board, if not a member of the Committee, shall have the right to attend meetings. Where the Chairman of the Board is not a member of the Committee but in attendance the Committee has the ability to co-opt him as a member if the meeting would otherwise not be quorate.

The Chairman of the Committee shall be appointed by the Board and must be a Non-executive Director. The Chairman of the Risk Committee must be approved by the PRA in accordance with the Senior Insurance Managers Regime.

The Chief Executive and Society Secretary shall sit as members of the Committee.

In addition to the Chairman of the Committee there shall be at least 1 other Non-executive Directors.

Members of the Committee shall be appointed by the Board following recommendation made by the Nomination Committee.

A quorum shall be 3 members.

Meetings

A minimum of 3 meetings per year shall be held.

Authority limits

The Committee has the authority to investigate any activity within its Terms of Reference.

It may agree priorities for its work.

It may seek any information it requires from any employees who are instructed to cooperate with its requests.

The Committee has access to external expertise in line with the Board's policy statement.

Support

The Committee will have the use of a minute secretary.

The Committee will have access to administrative support from within the Society.

Minutes / reporting procedure

Minutes of meetings of the Committee will be circulated to all members of the Board within 14 days of the meeting.

The Committee Chairman or his nominee shall report formally to the Board on its proceedings after each meeting.

The Committee's duties and activities during the year shall be disclosed in the Annual Report and Accounts.

The Chairman of the Committee shall attend the AGM and answer questions on the Committee's activities.

Duties

1 Risk Management Systems

- 1.1 To ensure that the Society has a satisfactory and effective system for the identification, assessment and monitoring of risks.
- 1.2 To review the risk strategy and make recommendations to the Board.
- 1.3 To propose the risk appetite to the Board.
- 1.4 To be aware of the Society's risk profile and ensure consistency with the Board's appetite for risk.
- 1.5 To propose the risk appetite framework for the next financial year to the Board.
- 1.6 To receive and review the reports of the Risk Management Team.
- 1.7 To review the risk register.
- 1.8 To ensure that mitigating actions are in place and appropriate for controlling risks within the risk appetite framework and for recommending additional mitigating actions.
- 1.9 To review risk costs quantifications.
- 1.10 To propose to the Board tolerance limits for material risks and to review their continued appropriateness.

- 1.11 To at least annually review compliance with Policy Statement PS22 – Liquidity including processes and liquidity limits and to report to the Board on compliance with the policy.
- 1.12 To notify the Board immediately on finding a significant change in risk or a systemic failure of the risk management system.
- 1.13 To review the actuarial report on the standard formula model assumptions and recommend to the Board their appropriateness for use.
- 1.14 To approve the actuarial proposals for the reverse stress test scenarios.
- 1.15 To review the long term and reverse stress test reports and commission additional stress tests if appropriate and report to the Board.
- 1.16 To monitor and review the Forward Looking Assessment of Own Risks (FLAOR) process and report to the Board.
- 1.17 To scrutinise the Society's draft Own Risk and Solvency Assessment (ORSA) report prior to review and approval by the Board.
- 1.18 To review internal and external auditors reports and assess the impact of recommendations and the agreed management actions.
- 1.19 To refer work to other committees as appropriate.

2 Risk Management

- 2.1 To receive and review an annual report on the Society's business continuity / disaster recovery plans.
- 2.2 To review the risks and controls relating to information systems, including data security.
- 2.4 To take responsibility for the review of risks allocated to the committee on the Risk Register.
- 2.5 To undertake an annual assessment of Health & Safety risks.

3 Governance

- 3.1 To review policy statements as delegated by the Board.
- 3.2 To approve the appointment or removal of the Head of Risk.

- 3.3 Review outsourcing arrangements, assess performance and lead retendering process of the Actuarial Function.
- 3.4 Review outsourcing arrangements and performance and lead retendering process of IT support.
- 3.5 Receive reports of all cybercrime breaches and recommend appropriate responses.
- 3.6 Review outsourcing arrangements and performance of the disaster recovery center.
- 3.7 Review performance and tendering of any outsourced legal support.
- 3.8 To monitor the Risk Management Governance for the coming year.

4 Compliance

- 4.1 Monitor the compliance function in order to ensure that the Society has effective systems for compliance with regulatory, legal and operations requirements .
- 4.2 To approve the appointment or removal of the Head of Compliance.
- 4.3 Review performance and tendering of any outsourced compliance support.
- 4.4 To agree an annual compliance plan, presented by management, normally to the last meeting of the year.
- 4.5 To ensure sufficient resources are allocated to the compliance function.
- 4.6 Consider management's response to major compliance developments or other regulatory interventions.

5 General

- 5.1 To support the Board in ensuring a culture of TCF is embedded throughout the Society.
- 5.2 To discuss any other topics delegated by the Board.
- 5.3 To review annually the Committee's Terms of Reference and performance.

Healthy Investment Terms of Reference

Investment Committee

Purpose

To provide independent oversight over the Society's investment management.

Membership / Attendance / Quorum

The Chairman of the Board, if not a member of the Committee, shall have the right to attend meetings. Where the Chairman of the Board is not a member of the Committee but in attendance the Committee has the ability to co-opt him as a member if the meeting would otherwise not be quorate.

The Chairman of the Committee shall be appointed by the Board and must be a Non-executive Director.

The Chief Executive and Director Finance & Risk shall sit as members of the Committee.

In addition to the Chairman of the Committee there shall be at least 1 other Non-executive Directors.

Members of the Committee shall be appointed by the Board following recommendation made by the Nomination Committee.

A quorum shall be 3 members providing at least a majority are Non-executive Directors.

Meetings

The Committee shall meet at least 2 times per year.

Authority limits

The Committee has the authority to investigate any activity within its Terms of Reference.

It may agree priorities for its work.

It may seek any information it requires from any employees who are instructed to co-operate with its requests.

The Committee has access to external expertise in line with the Board's policy statement.

Minutes / reporting procedure

Minutes of meetings of the Committee will be circulated to all members of the Board within 14 days of the meeting.

The Committee Chairman or his nominee shall report formally to the Board on its proceedings after each meeting.

The Committee's duties and activities during the year shall be disclosed in the Annual Report and Accounts.

The Chairman of the Committee shall attend the AGM and answer questions on the Committee's activities.

Support

The Committee will have the use of a minute secretary.

The Committee will have access to administrative support from within the Society.

Duties

1. To discuss the current and future investment strategy of the Society and to make recommendations to the Board at least annually.
2. Approve revised investment matrices, within the existing strategy, risk appetite and Board policy including changes to minimum, neutral and maximum limits, but not including the use of new asset classes which is a matter reserved for the Board.
3. Determine the investment return objectives and appropriate benchmarks to measure performance.
4. To monitor the performance of the external investment managers against agreed Benchmarks and adherence to the agreed matrices.
5. To oversee the formal tendering process, every 3 years or earlier if required, for selecting the Society's external investment managers and make a recommendation for appointment to the Board.
6. Review and approve the contractual arrangements with Investment Managers.
7. Approve the appointment within Board expenditure mandates and budgets of 3rd party advisers, other than discretionary investment managers, to support the committee in the fulfilment of its role.
8. To review and propose to the Board appropriate counterparty limits.
9. To determine and approve arrangements for the safe keeping of all investment assets.

10. To review the liquidity needs of the Society under normal and stressed market conditions, advise the Board accordingly on an appropriate liquidity policy and monitor its implementation.
11. To consider the monitoring and managing of risks allocated to the committee.
12. To review and recommend for approval Board policy statements allocated to the committee.
13. To support the Board in ensuring a culture of TCF is embedded throughout the Society.
14. To take responsibility for the review of risks allocated to the committee on the Risk Register.
15. To discuss any other topics delegated by the Board.
16. To review annually the Committee's Terms of Reference and performance.

Healthy Investment Terms of Reference

Remuneration Committee

Purpose

To provide an independent oversight over the Society's remuneration strategy.

Membership / Attendance / Quorum

The Chairman of the Board shall be a member of the Committee.

The Chairman of the Committee shall be appointed by the Board and must be a Non-executive Director.

The Chief Executive and Society Secretary shall be members of the Committee.

In addition at least 2 other Non-executive Directors shall be members of the Committee.

Members of the Committee shall be appointed by the Board following recommendation made by the Nomination Committee.

A Quorum shall be 3 members presents providing a majority are Non-executive Directors.

Meetings

The Committee shall meet 2 times per year.

Additional meetings may be held:

To undertake specific tasks

At the request of the Committee

At the request of the Board

Authority limits

No Executive Director shall vote on any decision regarding their own remuneration and members may be asked to leave the meeting whilst their remuneration is being discussed.

Changes to the remuneration of Non-executive Directors are subject to the approval of the Board.

The Committee has the authority to investigate any activity within its Terms of Reference.

It may agree priorities for its work.

It may seek any information it requires from any employees who are instructed to cooperate with its requests.

The Committee has access to external expertise in line with the Board's policy statement.

Minutes / reporting procedure

Minutes of meetings of the Committee will be circulated to all members of the Board within 14 days of the meeting.

The Committee Chairman or his nominee shall report formally to the Board on its proceedings after each meeting.

The Committee's duties and activities during the year shall be disclosed in the Annual Report and Accounts.

The Chairman of the Committee shall attend the AGM and answer questions on the Committee's activities.

Support

The Society Secretary will act as minute secretary.

The Committee will have access to administrative support from within the Society.

Duties

1. Remuneration strategy

- 1.1 To determine and agree the Society's overall strategy and policy for remuneration.
- 1.2 To approve the annual remuneration report.
- 1.3 To ensure that the remuneration policy and individual packages give due regard to the Annotated Corporate Governance Code, the regulators' remuneration regulations and the Society's risk appetite.
- 1.4 Benchmark remuneration and note trends against other societies / similar Organisations.
- 1.5 Approve any compensation packages or arrangements following severance of any of the Executive or staff in a way that is fair to the employee and members.

2. Executive remuneration

- 2.1 To review annually the remuneration package of the Society's Chief Executive and Director Finance and Risk and make recommendations to the main Board.

- 2.2 To agree and regularly review service contracts for Executive Directors and staff.
- 2.3 To recommend to the Board the level of discretionary performance related bonus payable to Executive Directors.

3. Non-executive Director remuneration

- 3.1 To recommend to the Board for approval the Non-executive Directors' remuneration.

4. Staff remuneration

- 4.1 Undertake and approve an annual review of the salary of all staff in relation to the approved remuneration strategy and Society budget.
- 4.2 Approve the design of and determine the levels of performance related bonus and commission for sales staff, for approval by the Board.
- 4.3 Set appropriate level of staff benefits including pension benefits.
- 4.4 Agree the policy for the payment and authorisation of expenses.
- 4.5 Review changes to staff job descriptions / role profiles.

5. General

- 5.1 To support the Board in ensuring a culture of TCF is embedded throughout the Society.
- 5.2 To take responsibility for the review of risks allocated to the committee on the Risk Register.
- 5.3 To discuss any other topics delegated by the Board.
- 5.4 To review annually the Committee's Terms of Reference.

Healthy Investment Terms of Reference

Nomination Committee

Purpose

To provide independent input into the identification, assessment and nomination of new Executive and Non-executive Directors.

To ensure that the Board has the appropriate mix of knowledge, skills and experience in order to fulfill its statutory duties.

Membership / Attendance / Quorum

The Chairman of the Board shall be a member of the Committee.

The Senior Non-executive Director shall be a member of the Committee

The Chairman of the Committee shall be appointed by the Board and must be a Non-executive Director.

The Chief Executive shall be a member of the Committee.

In addition at least 1 other Non-executive Director shall be a member of the Committee.

The majority of the committee must be independent Non-executive Directors.

Members of the Committee shall be appointed by the Board following recommendation made by the Nomination Committee.

A Quorum shall be 3 members present providing a majority are Non-executive Directors.

Meetings

A minimum of 1 meeting per year shall be held.

Authority limits

The Committee has the authority to investigate any activity within its Terms of Reference.

It may agree priorities for its work.

It may seek any information it requires from any employees who are instructed to co-operate with its requests.

The Committee has access to external expertise in line with the Board's policy statement.

No Committee member shall participate in any discussion relating to his or her appointment or reappointment.

Support

The Committee will have the use of a minute secretary.

The Committee will have access to administrative support from within the Society.

Minutes / reporting procedure

Minutes of meetings of the Committee will be circulated to all members of the Board within 14 days of the meeting.

The Committee Chairman or his nominee shall report formally to the Board on its proceedings after each meeting.

The Committee's duties and activities during the year shall be disclosed in the Annual Report and Accounts.

The Chairman of the Committee shall attend the AGM and answer questions on the Committee's activities.

Duties

1. To undertake an annual evaluation of the balance, skills, knowledge and experience of the Board.
2. Organise and undertake an annual evaluation of the performance of the Board and its Committees.
3. Review the structure, size and composition of the Board and its Committees and make recommendations to the Board for change.
4. Prepare a description of the role and capabilities required for a particular appointment.
5. Be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise.
6. Ensure that on appointment Non-executive Directors receive a formal letter of appointment setting out clearly what is expected in terms of time commitment, committee service and involvement outside of Board meetings.
7. Facilitate the appraisal of the Chief Executive and other Executive Directors.

8. Make recommendations to the Board as regards plans for succession planning in particular in relation to the Chairman, Chief Executive and Director Finance and Risk.
9. Consider the reappointment of any Non-executive Director at the conclusion of his or her specified term of office.
10. Consider the reappointment of any Non-executive Director who has undertaken over 6 years of service to ensure their continued independence.
11. Consider and make recommendations to the Board for nominations to the position of Chairman, Deputy Chairman, Senior Non-executive Director and Committee Chairmen.
12. Discuss and make recommendation to the Board on any performance or attendance issues relating to the continuation in office of any Executive or Non-executive Director at any time.
13. After input from the With-Profits Actuary, review the performance of members of the With-profits Committee and recommend to the Board their continued appointment or removal.
14. Ensure compliance with the regulators' approved persons regime.
15. To assist the Board in ensuring a culture of TCF is embedded throughout the Society.
16. To take responsibility for the review of risks allocated to the committee on the Risk Register.
17. To discuss any other topics delegated by the Board.
18. To review annually the Committee's Terms of Reference and its performance.

Healthy Investment Terms of Reference

With-profits Committee

Purpose

To provide independent challenge of the Board's management of its With-profits Fund in order to ensure the fair treatment of all members.

Membership / Attendance / Quorum

The Chairman of the Committee shall be appointed by the Board following recommendation by the Nominations Committee and should not be a member of the Board or Society.

The Chairman of the Board shall not be a member of the Committee but may be invited to attend meetings of the Committee.

The Chief Executive and Society Secretary shall not be members of the Committee but may be invited to attend meetings of the Committee.

The Society's With-Profits Actuary would normally be in attendance at meetings unless specifically asked not to be present for part of a meeting where his performance, independence or fees are being discussed.

The committee shall comprise of:

- 1 Non-executive Director.

At least 2 independent persons with relevant With-profits expertise who have no direct relationship with the Society or its Board.

Members of the Committee shall be appointed by the Board following recommendation made by the Nomination Committee.

A quorum shall be 2 members.

Meetings

A minimum of 1 meeting per year shall be held with additional meetings as requested or considered necessary by the Board or Committee.

Authority limits

The Committee has the authority to investigate any activity within its Terms of Reference.

It may agree priorities for its work.

It may seek any information it requires from any employee who are instructed to co-operate with its requests.

The committee has access to external expertise in line with the Board's policy statement.

Support

The Society Secretary will act as minute secretary.

The Committee will have access to administrative support from within the Society.

The With-Profits Actuary will attend all meetings of the Committee.

The With-profits Committee can, by resolution of the Committee, request reports from the With-Profits Actuary.

Minutes / reporting procedure

Minutes of meetings of the Committee will be circulated to all members of the Board within 14 days of the meeting or prior to the next Board meeting if sooner.

The Committee Chairman or his nominee shall report formally to the Board on its proceedings after each meeting.

The Committee's duties and activities during the year shall be disclosed in the Annual Report and Accounts.

The Chairman of the Committee shall attend the AGM and answer questions on the Committee's activities.

Duties

1. To review the bonus declarations made by the Board to ensure fairness for all With-profits policyholders.
2. To review the application of any Terminal Bonuses and Market Value Reductions to ensure fairness for all With-profits policyholders.
3. To review the application of smoothing.
4. To review the way in which the Board identifies surplus and excess surplus and to recommend to the Board its distribution or retention.
5. To challenge the Board's identification and management of any potential conflicts of interest between different types of With-profits policyholders and non-profit policyholders.

6. To consider whether the Society has complied with its Principles and Practices of Financial Management and report its findings both to the Board and members.
7. To consider any proposed changes to the Society's PPFM to ensure the rights, interests and expectations of policyholders are considered.
8. To review and challenge the statutory valuation assumptions and results, the asset share methodology and the apportioning of charges and expenses.
9. To ensure that the investment strategy is appropriate for and in the best interests of With-profits policyholders and to consider the impact on With-profits policyholders on any change to the investment profile.
10. To review the Society's ORSA report and associated documents.
11. To ensure that the impact on With-profits policyholders is considered in the event of any significant change to the risk profile of the Society.
12. To ensure that the Board has considered the interests of With-profits policyholders in all major business decisions and management actions, including strategic investments.
13. To review and if necessary challenge the Board's strategy for new business and its decision to remain open to new business.
14. To consider the costs incurred in operating the With-profits Fund.
15. To monitor the level and nature of complaints.
16. To analyse developments in the regulators' supervision and regulatory developments of With-profits and advise the Board of their potential impact on policyholders.
17. Undertake an annual assessment of the suitability of the Society's With-Profits Actuary and advise the Board on his continued appointment or on the suitability of proposed new candidates.
18. Monitor all client and adviser facing literature to ensure it is clear, fair and not misleading and provides existing and new With-profits policyholders with adequate information.
19. To support the Board in ensuring a culture of TCF is embedded throughout the Society.
20. Monitor adherence to any distribution, management and run off plans or Court schemes if appropriate.

21. To discuss any other topics delegated by the Board or other issues the With-profits policyholders would reasonably expect the With-profits Committee to scrutinise.
22. To review annually the Committee's Terms of Reference and recommend any changes to the Board.

Healthy Investment Terms of reference

Ethics Committee

Purpose

To assist the Society in being ethical throughout its business.

Membership / Attendance / Quorum

The Chairman of the Board, if not a member of the Committee, shall have the right to attend meetings. Where the Chairman of the Board is not a member of the Committee but in attendance the Committee has the ability to co-opt him as a member if the meeting would otherwise not be quorate.

The Chairman of the Committee shall be appointed by the Board and must be a Non-executive Director.

The Chief Executive shall sit as a member of the Committee.

In addition to the Chairman of the Committee there shall be at least 1 other Non-executive Director, 1 Executive Director and 2 members of staff.

The Board may at some point in the future look to the appointment of Society members to the Committee

Members of the Committee shall be appointed by the Board following recommendation made by the nomination committee.

A quorum shall be 3 members providing at least 1 Non-executive Director is present.

Meetings

At least one meeting per year shall be held.

Authority limits

The Committee has the authority to investigate any activity within its Terms of Reference.

It may agree priorities for its work.

It may seek any information it requires from any employees who are instructed to co-operate with its requests.

The Committee has access to external expertise in line with the Board's policy statement.

Support

The Committee will have access to administrative support from within the Society.

Minutes / reporting procedure

Minutes of meetings of the Committee will be circulated to all members of the Board within 14 days of the meeting.

The Committee Chairman or his nominee shall report formally to the Board on its proceedings after each meeting.

The Committee's duties and activities during the year shall be disclosed in the Annual Report and Accounts.

The Chairman of the Committee shall attend the AGM and answer questions on the committee's activities.

Duties

1 Ethical policy

- 1.1 To review and advise the Board on its ethical policy statement.
- 1.2 To identify and recommend development and strengthening of the Society's ethical policy.
- 1.3 To review how the ethical policies of the Society are communicated to members.

2. Ethical investment policy

- 2.1 To consider the impact of the Society's ethical investment policy on investor returns.
- 2.2 To monitor the Investment Managers adherence to the Society's ethical investment policy.
- 2.3 To review the ethical credentials of individual investment holdings and recommend appropriate action.
- 2.4 To identify new ethical investment opportunities and recommend to Investment Committee.

3. Environmental & sustainability

- 3.1 To identify and propose to Board ways of reducing the Society's environmental impact.

- 3.2 Monitor purchasing decisions to ensure they are consistent with the Society's ethical standards.
- 3.3 Monitor the Society's outsourcing arrangements to ensure they are consistent with the Society's ethical standards.

4 Culture

- 4.1 To ensure that the treatment of members is consistent with the ethical standards of the Society.
- 4.2 To advise the Board on the extent that the Society's HR policies and procedures, training and culture are aligned to the Society's ethical principles.
- 4.3 To champion ethical standards across the Society and learn about developments in ethical business and investment markets.
- 4.4 To suggest the development of products and services with clear ethical features.

5. Corporate Social Responsibility

- 5.1 To encourage staff involvement in local and national charitable initiatives.
- 5.2 To administer and award bursaries from the Douglas Carr Fund.
- 5.3 To promote donations from the Temperance Fund and make awards up to £1000 in accordance with the Board's policy.

6 General

- 6.1 To support the Board in ensuring a culture of TCF is embedded throughout the Society.
- 6.2 To discuss any other topics delegated by the Board.
- 6.3 To review annually the Committee's Terms of Reference and performance.