

**PHOENIX LIFE ASSURANCE LIMITED (the Company)**

**TERMS OF REFERENCE OF THE WITH-PROFITS COMMITTEE  
OF THE BOARD OF DIRECTORS (the Committee)**

**Approved by the Committee on [xx xx 2015]**

**Adopted by the Board on [xx xx 2015]**

**1. COMMITTEE PURPOSE**

1.1 The Phoenix Life Assurance Limited With-Profits Committee is a committee of the Phoenix Life Assurance Limited Board (the Board) which will:

- (a) support the Board in discharging its governance responsibilities in relation to compliance with the Principles and Practices of Financial Management ("**PPFM**");
- (b) exercise certain additional duties, powers, rights and responsibilities in respect of the National Provident Life With-Profits Fund, as contemplated by the 2015 Scheme (as defined below);
- (c) provide independent judgement in the assessment of compliance with PPFM and in how any competing or conflicting rights and interests of policyholders and, if applicable, shareholders have been addressed;
- (d) consider all major transactions involving the Company (e.g. Part VII transfers, reinsurances, outsourcing) to the extent to which they impact upon with-profits policyholders; and
- (e) consider at the request of the Board all proposals for the exercise of discretion in respect of non-profit policies and the Company's conduct and overall approach to treating customers fairly as determined by the Company's TCF Committees.

In this document, references to the Board should be taken to apply to the Phoenix Life Assurance Limited Board unless otherwise indicated. References to the With-Profits (WP) Funds should be taken to mean the Pearl With-Profits Fund, the SERP Fund, the London Life With-Profits Fund, the National Provident Life With-Profits Fund and any other WP sub-fund of the Phoenix Life Assurance Limited Long Term Fund established in accordance with the Part VII Scheme under which the business of London Life Limited was transferred to the Company in September 2012 (the 2012 Scheme) or otherwise. Terms in these terms of reference should be given the same meaning as those in the 2012 Scheme and a subsequent scheme under which the business of National Provident Life Limited was transferred to the Company in [April 2015] (the 2015 Scheme) unless otherwise indicated. For the avoidance of doubt, the use of the term conduct throughout this document is used to refer to behaviour, attitudes and motivations in terms of the experiences and outcomes offered to customers.

## 2. **GUIDING PRINCIPLES**

- 2.1 Any event or proposal which might be construed to have an impact on the PPFM, or would require a change to the content of the PPFM, must be reviewed by the Committee.
- 2.2 Wherever possible, independent input should be given by the Committee before Board decisions are taken. In that way, the Committee can ensure that information presented to the Board is adequate for a "PPFM-consistent" decision to be taken.
- 2.3 For a change in practice (methods, parameters and assumptions), the test shall be for consistency against the documented principles.
- 2.4 For a change in principle, the Committee should look for adequate justification for the change, having taken account of customer outcomes, customer treatment and appropriateness of conduct, the ultimate decision resting with the Board, except for investment and bonus related principles for the National Provident Life With-Profits Fund where the ultimate decision rests with the With-Profits Committee.
- 2.5 If an action inconsistent with the PPFM is proposed, without amendment to the PPFM, the Committee will consider and communicate to the Board whether it feels it would be appropriate to communicate this to customers.
- 2.6 Where appropriate, the Committee may submit a report to the Board on the pros and cons of the proposed actions from a PPFM perspective.
- 2.7 In order to ensure that the Committee can carry out its duties, it must receive timely information in advance of Board meetings.
- 2.8 Where there are material and/or complex issues within the remit of the Committee then, wherever possible, the Committee should be consulted during preparation and before Board papers are submitted.

## 3. **DUTIES AND SCOPE**

- 3.1 To assess, report on, and provide clear advice and, where appropriate, recommendations to the Board on:
  - (a) the way in which each WP fund is managed and whether this is properly reflected in the PPFM;
  - (b) whether the Board has addressed effectively the conflicting rights and interests of with-profits policyholders and other policyholders or stakeholders including, if applicable, shareholders, in a way that is consistent with appropriate conduct and the principle of treating customers fairly; and
  - (c) any other issues with which the Board or the Committee considers WP policyholders might reasonably expect the Committee to be involved.
- 3.2 (a) To decide on the specific matters that it will consider in order to enable the Committee to carry out its role as appropriate to the particular circumstances of the with-profits funds;

- (b) To advise the Board of the suitability of candidates proposed for appointment as with-profit actuaries, and,
  - (c) To assess the performance of each with-profits actuary at least annually and report its views to the Board.
- 3.3 To give appropriate consideration to the following non exhaustive list of specific matters:
- (a) the identification of surplus and excess surplus, the merits of its distribution or retention and the proposed distribution policy;
  - (b) how bonus rates, smoothing and if relevant, market value reductions have been calculated and applied;
  - (c) if relevant, the relative interests of policyholders with and without valuable guarantees;
  - (d) with-profits customer communications such as annual policyholder statements and product literature and whether the Committee wishes to make a statement or report to with-profits policyholders in addition to the annual report;
  - (e) any significant changes to the risk or investment profile of the with-profits fund including the management of material illiquid investments and the Company's obligations in relation to strategic investments;
  - (f) the strategy for future sales (if any) supported by the assets of the with-profits fund and its impact on surplus;
  - (g) the impact of any management actions planned or implemented;
  - (h) relevant management information such as customer complaints data (but not necessarily information relating to individual customer complaints);
  - (i) the drafting, review, updating of compliance with run-off plans, court schemes (where an annual review of compliance is required) and similar matters; and
  - (j) the costs incurred in operating the with-profits funds.
- 3.4 To provide an independent verification that processes followed are consistent with the PPFM and that decisions taken by the Board have followed due process and are consistent in themselves with the PPFM.
- 3.5 The main areas of focus are Solvency, Investment, Fund Management, Bonus Decisions and Customer Communication relating to changes to the PPFM (this would include related matters such as use of the estate and payments to shareholders).
- 3.6 For clarity, any reports on the matters referred to in clause 3.3 above and the following topics, which would be directed to the Board or Investment Committee, should also be submitted to the Committee. The list is not exhaustive – if in doubt reports should be submitted to the Committee for their assessment of relevance.

- identified and developing business risks which would impact the WP Funds;
  - reviews of the financial position of the WP funds and matters affecting that position – specifically:
    - any proposed shareholder releases which would affect the WP Funds
    - allocation of costs to the WP Funds
    - changes in surrender values
    - any discretionary charges against the estate or asset shares
    - new provisions and who is to pay for them
  - statutory and realistic balance sheets of the WP Funds;
  - PPFM-related Board and Investment Committee minutes and decisions;
  - any proposed changes which would result in revisions to the PPFM;
- 3.7 Any reports produced should be reviewed (by the author) for consistency with the PPFM.
- 3.8 To assist the Board and the Committee, a pro-forma appendix (see Appendix B) should be added to each report summarising consistency with the PPFM and providing a record of required changes.
- 3.9 The Committee will endorse Board submissions for consistency – appending comments and recommendations as required.
- 3.10 The Committee will work closely with the With-Profits Actuary and obtain his / her opinion and input as appropriate
- 3.11 The Committee will review decisions taken by the Board for consistency with the relevant PPFM.
- 3.12 Oversight of preparation of a joint annual report (from the Board and the Committee) to customers confirming compliance with the PPFM.
- 3.13 Overview the maintenance of the currency of the PPFM (including the consideration of new guidance and regulatory changes).
- 3.14 Review the content of the "customer friendly" PPFM against the full PPFM – reporting to the Board before issue.
- 3.15 Monitor necessary communication of PPFM changes to customers so that it is conducted in a timely and practical way.
- 3.16 Discuss reports which a With-Profits Actuary is required to produce in accordance with actuarial guidance from time to time and, if appropriate, recommend them to the Boards for approval.

- 3.17 Recommend to the Board that capital support should be provided to any WP Fund to cover its Individual Capital Assessment or Capital Resource Requirement to the extent needed to treat customers fairly.
- 3.18 Such ad-hoc tasks as requested by the Board and agreed by the Committee.
- 3.19 In discharging its functions in relation to a WP Fund, the Committee shall be under a duty to act at all times in the best interests of the holders of with-profits policies allocated or reassured to that WP Fund.
- 3.20 The Committee shall recommend to the Board management action plans for 'with-profits' business to determine in an objective manner the assumptions on future management actions that are appropriate for use in the Internal Model.

#### **4. DUTIES IN RESPECT OF THE NATIONAL PROVIDENT LIFE WITH-PROFITS FUND (NPL WP FUND)**

- 4.1 In respect of the NPL WP Fund the Committee shall have:
- (i) the general duties set out in Part 2, Schedule 4 of the 2015 Scheme – reproduced at Appendix A, Part 2 to these terms of reference; and
  - (ii) the specific duties, powers, responsibilities and discretions set out in Part 3, Schedule 4 of the 2015 Scheme which include, inter alia, responsibility for the investment and bonus policy of the NPL WP Fund – reproduced at Appendix A, Part 3 to these terms of reference.
- 4.2 In the event of any conflict between any other provision of these Committee terms of reference and the provisions of this Section 4, this Section 4 shall prevail.
- 4.3 In respect of the NPL WP Fund, the Committee shall in carrying out its duties, have regard solely to the interests and reasonable expectations (as modified by the 2015 Scheme) of the holders of policies reassured or allocated to NPL WP Fund.
- 4.4 In respect of the NPL WP Fund, the provisions of Part 1 of Schedule 4 (reproduced at Appendix A to these terms of reference) and of Part 4 of Schedule 4 (reproduced at Appendix A to these terms of reference) to the 2015 Scheme shall be deemed to be incorporated (so far as applicable to the Committee) in these terms of reference.
- 4.5 The provisions of this section 4 shall apply until the NPL WP Fund ceases to exist.

#### **5. COMPOSITION AND CHAIR**

- 5.1 The Committee shall consist of not less than three Members, with a majority of the Members being Non-Executive Members selected by the Board, provided that at least one Non-Executive Member is an Independent Member as defined in paragraph 5.4.
- 5.2 A Non-Executive Member shall be a person who is not employed by, and does not hold any position (whether executive or non-executive) on the board of, any member of the Group, The Group being from time to time, the Company, its holding companies, its subsidiaries and the subsidiaries of any such holding company.
- 5.3 A Non-Executive Member shall not be a person who:

- (i) is or has been, at any time in the five years preceding his appointment, an employee of the Company or of any member of the Group;
  - (ii) has or has had, at any time in the five years preceding his appointment, any form of material consulting or contractual relationship with the Company or a member of the Group (other than as a retail customer or a non-executive director);
  - (iii) receives or has received, at any time in the three years preceding his appointment, additional remuneration from the Company or of another member of the Group, or participates in a share option or performance-related pay scheme of the Company or of another member of the Group; or
  - (iv) has served on the Committee (or any WP committee or equivalent committee within the Company or any other predecessor company whose WP policies or WP funds is or has been transferred to the Company) for more than nine years from the date of his first election save that any Non-Executive Member who has served for more than nine years from the date of his first election shall be subject to annual re-election by the Board.
- 5.4 The Independent Member shall be a person who qualifies as a Non-Executive Member, is not a director of any member or prospective member of the Group and is an actuary.
- 5.5 The Independent Member shall be selected, and may be removed by the Board (unless such removal would result in there ceasing to be an Independent Member other than as contemplated in sub-paragraphs (a) to (e) in paragraph 6.1 below) but no person shall be appointed as the Independent Member unless:
- (a)
    - (i) the appointment has been approved by all of the current Non-Executive Members (other than the outgoing Independent Member); or
    - (ii) written notice of the intended appointment has been given by or on behalf of the Board to all of the then current Non-Executive Members and none of them has objected to the intended appointment within 30 days of such notice (in which case those Non-Executive Members shall be deemed to have approved the appointment); and
  - (b) the appointment has been approved by the outgoing Independent Member unless the outgoing Independent Member has ceased to be a member of the With-Profits Committee in any of the circumstances described in sub-paragraphs (a) to (e) in paragraph 6.1 below.
- 5.6 In the circumstances contemplated by paragraph 5.5(b) above, written notice of the intended appointment must be given by or on behalf of the Board to the outgoing Independent Member. The outgoing Independent Member shall indicate as soon as practicable (and in any event within 30 days of receiving such a notice) whether or not he approves of the proposed replacement Independent Member and, if not, the reasons therefor. If he does not do so within such 30 day period, then he shall be deemed to have approved the proposed replacement. If, within such 30 day period (or such longer period as the Board considers appropriate), the Board and the outgoing Independent Member shall be unable to agree on the selection of a replacement Independent Member, then the Board shall give notice to the appropriate regulator(s) (in accordance with the requirements of applicable law

except that such notice shall be given prior to the appointment of the relevant individual, even if applicable law only requires subsequent notification) in respect of its preferred replacement as Independent Member. For the purposes of this paragraph 5.6 and paragraph 5.7 of these terms of reference, references to the Board should be taken to apply to the Board or its nominated representative.

- 5.7 If the regulator does not object to the appointment of the replacement Independent Member notified to it pursuant to paragraph 5.6 above, the nominated replacement Independent Member will, subject to consenting to act and to compliance with paragraph 5.5(a) above, be appointed as the replacement Independent Member. If the regulator does object to the appointment of such replacement Independent Member, the Board will propose another replacement Independent Member following the process outlined in paragraphs 5.5, 5.6 and this paragraph 5.7, until a replacement Independent Member has been approved and appointed.
- 5.8 There shall at all times be an Independent Member on the Committee, except in the case of the events listed in paragraphs 6.1(a), 6.1(b), 6.1(c), 6.1(d) and 6.1(e).
- 5.9 The Committee Members should have appropriate skills, knowledge and experience relevant to the duties and scope of the Committee.
- 5.10 Appointments, rotations and resignations will be decided by the Board subject to the other provisions of this section 5, and paragraphs 6 and 7 below.
- 5.11 The chairman of the Committee shall be a Non-Executive Member.
- 5.12 The chairman of the Committee shall be appointed or removed by resolution of the Committee.
- 5.13 The chairman of the Committee will have no casting vote.
- 5.14 The Office of the Company Secretary of the Companies will provide secretarial services to the Committee.

## **6. VACATION OF OFFICE AND SUBSEQUENT APPOINTMENTS**

- 6.1 Membership of the Committee shall cease in accordance with paragraph 6.2 in respect of any member where:
- (a) a bankruptcy order has been made against him or he has compounded with his creditors generally or has applied to the court for an interim order under Section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
  - (b) in England, Scotland or elsewhere an order has been made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for that member's detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or
  - (c) a regulator has declared that that member is not a fit and proper person in the context of his membership of the Committee or withdraws the member's status as an approved person; or

- (d) the member is imprisoned; or
- (e) the member dies or otherwise becomes incapable of acting; or
- (f) that member resigns or retires by notice in writing either to the chairman of the Committee or to any member of the Board; or
- (g) the member is a Non-Executive Member who shall for more than six consecutive months have been absent without permission from meetings of the Committee held during that period and the other members resolve that his office be vacated.

6.2 In any case falling within paragraph 6.1(e), cessation of membership will be automatic in the event. In any case falling within paragraphs 6.1(a), 6.1(b), 6.1(c), 6.1(d) or 6.1(g) cessation of membership shall only be effected by notice in writing to the Board signed by the chairman of the Committee or by a majority of the remaining members of the Committee.

6.3 Membership of the Committee shall in addition cease in respect of any member if the Board shall have delivered a notice in writing to the chairman for the time being of the Committee and to the member removing that member from the Committee. Notice will not be effective in so far as membership of the Committee ceases to comply with the provisions under paragraph 5.1 of these terms of reference.

## 7. **REPLACEMENT MEMBERS**

Replacement Members (other than the Independent Member whose selection and appointment is governed by paragraphs 5.5 to 5.7) will be appointed by the Board and any such appointment shall be effected by notice in writing to the chairman for the time being of the Committee and to the member concerned.

## 8. **EXTERNAL ADVICE**

The Committee may take, at the cost of the WP Funds, such external financial, accounting, actuarial, legal or other advice as it reasonably requires.

## 9. **COMMITTEE PROCEDURES**

9.1 The Committee shall meet on a quarterly basis or more frequently if required (usually shortly before a scheduled Board meeting).

9.2 Meetings of the Committee shall be convened on not less than 14 days' notice and an agenda shall be circulated not less than seven days in advance of the meeting to all members (or, in the case of both the convening of meetings and circulation of the agenda, such shorter periods of time as the members of the Committee may unanimously agree). The agenda must set out in sufficient detail the business to be disposed of and resolutions to be put to the meeting. No business or resolution may be transacted or validly passed at a meeting unless sufficient details thereof have been included in the agenda unless otherwise agreed by all of the Non-Executive Members.

9.3 The quorum for a meeting of the Committee shall be a majority of the Non-Executive Members present, provided that there is a minimum number of two Non-Executive



Members present, at the commencement of the Committee meeting, duly convened in accordance with these terms of reference.

- 9.4 Notwithstanding paragraph 9.3 above, the Board shall use all reasonable efforts to ensure the participation of the Independent Member in any meeting of the Committee, whether in person or by telephone or other communication equipment (as set out in paragraph 9.11 below).
- 9.5 Following receipt of notice of any meeting, the Independent Member may make a request of the chairman of the Committee that such meeting of the Committee which the Independent Member cannot, for any reason, attend be rescheduled to such other time, date and/or place so that he may attend (being a date not more than five (5) business days after the original proposed Committee meeting date and to a place not outside the UK). The Committee shall ensure that such request shall not be unreasonably denied and shall take all necessary steps to reschedule such meeting to accommodate the reasonable wishes of the Independent Member in this regard.
- 9.6 The Independent Member has the right to circulate in writing to the other members of the Committee his views on any business to be discussed at any meeting of the Committee which he is unable to attend. In any such case the Independent Member shall endeavour to arrange through the offices of the company secretary for the circulation of such views in sufficient time for the remaining members of the Committee to consider them in advance of the meeting. Any such views shall be formally tabled and discussed at the relevant meeting of the Committee.
- 9.7 Any meeting of the Committee proceeding in the absence of the Independent Member may be adjourned by any attending member of the Committee in order to solicit the views of the Independent Member or have the Independent Member present at a reconvened meeting, provided that any meeting so adjourned shall stand adjourned to such date (being not more than five (5) business days thereafter) that the chairman may propose.
- 9.8 A meeting of the Committee at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Committee.
- 9.9 If, within 30 minutes (or such longer period of time as the members present in person agree) of the time appointed for any meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to such day and time (being not less than 14 nor more than 42 days thereafter) as the chairman may propose. At such adjourned meeting provided that:
- (i) not less than seven clear days' notice has been given to the Independent Member; and
  - (ii) there have been no changes or additions to the agenda or where there are any changes or additions to the agenda, such changes or additions have been agreed by the Independent Member,

any two members of the Committee shall form a quorum and shall have power to pass any resolution and decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place, notwithstanding that the Independent Member may not be present.

- 9.10 The Company shall make available its company secretary (or such other person as may be appointed by him) to produce the minutes of meetings of the Committee and

shall procure that such minutes are produced as soon as reasonably practicable after the relevant meeting of the Committee.

- 9.11 A meeting may be held by the Committee members communicating with each other by any technological means by which they are able simultaneously to hear each other and participate in discussion. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and count in the quorum accordingly. The minutes of the meeting shall record the method by which the meeting was conducted.
- 9.12 Subject to paragraph 9.13, resolutions of the Committee shall be made by vote of the members at a duly constituted meeting of the Committee, and shall be passed if approved by a simple majority of those present and voting.
- 9.13 The Committee may deal with matters requiring a decision by way of Written Resolution. Such Written Resolution will be deemed to have been passed when all Committee members have signed the Written Resolution.
- 9.14 In these terms of reference, references to 'in writing' include the use of electronic communications subject to such terms and conditions as the members of the Committee may decide.
- 9.15 The Committee may invite members of management and others to attend meetings from time to time.
- 9.16 The Committee shall, at all times, keep the Board informed as to the matters considered by it and as to the decisions and recommendations made by it. Without prejudice to the generality of the foregoing, the Committee shall procure that minutes of all its meetings are promptly delivered to the Board.
- 9.17 Each member of the Committee shall be entitled to receive information relating to the WP Funds and, if such member considers it necessary subject to giving not less than seven days (inclusive) notice in writing to the other members, the Boards or its nominated representative and the Company's Actuarial Function Holder, the seven day period to commence on the day on which the last of them is notified, as to the subject matter of the relevant communication, to communicate with the UK regulatory authorities.
- 9.18 The Committee will have access to the services of the Company's secretariat function on all Committee matters, including assisting the Committee Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

## 10. **AMENDMENTS TO THE TERMS OF REFERENCE**

- 10.1 The Committee will review its terms of reference annually.
- 10.2 No amendment shall be made to sections 4, 5.1, 5.2, 5.3, 5.11, 6.3, 7, 9.3 and Appendix A of these terms of reference for so long as the NPL WP Fund exists unless each of the following sub-paragraphs applies: :
- (a) the WP Actuary for the NPL WP Fund has certified in writing that, in his opinion, the proposal does not have an adverse effect on the reasonable

expectations, having taken into account the provisions of the 2015 Scheme and any obligation to treat customers fairly, of the holders of With-Profits Policies allocated to the NPL WP Fund (or any part of whose benefits are allocated to the NPL WP Fund);

- (b) the Regulators have been notified and either not made any comment within 30 days or, if any adverse comments have been made within 30 days, they are subsequently resolved to the relevant Regulator's satisfaction; and
- (c) the Committee has been consulted and has not objected to any such amendment.

10.3 The Board may also amend sections 4, 5.1, 5.2, 5.3, 5.11, 6.3, 7, 9.3 and Appendix A of these terms of reference provided that it and the Committee both consider the amendment to be immaterial or necessary to correct an error or omission.

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## **Appendix A**

### **COMMITTEE DUTIES AND POWERS IN RESPECT OF THE NPL WP FUND**

#### **PART 1 - ROLE OF THE COMMITTEE IN RESPECT OF THE NPL WP FUND**

1. In addition to its general role and duties, as set out from time to time in its terms of reference, the Committee shall exercise certain additional duties, powers, rights and responsibilities in respect of the NPL WP Fund, as contemplated by the 2015 Scheme and this Appendix A.
2. Subject always to paragraph 3 of this Appendix A, the Board shall implement all decisions required of it in accordance with the 2015 Scheme and this Appendix A by the Committee, it being acknowledged that certain of the powers, rights and responsibilities of the Committee in relation to the NPL WP Fund may not be given effect unless the Board executes a document, or otherwise acts, on behalf of the Company in a manner which is consistent with the exercise by the Committee of such powers, rights and responsibilities.
3. Notwithstanding any other provision of the 2012 Scheme or the 2015 Scheme, including this Appendix A, the Board shall not be required to, and the Committee shall not, take (or omit to take) any action if the Board (acting reasonably) considers that such action (or omission) would give rise to a breach by the Company of any legal obligation or otherwise give grounds for intervention by the Regulators and/or by any additional regulatory body whose decisions are binding upon the Company.

#### **PART 2 - GENERAL DUTIES IN RESPECT OF THE NPL WP FUND**

4. In exercising its duties, powers, responsibilities and discretions in relation to the NPL WP Fund, the Committee shall:
  - A. observe and perform the terms of the 2015 Scheme and, subject thereto, shall, in carrying out its duties, have regard solely to the interests and reasonable expectations (as modified by the 2015 Scheme) of the holders of Policies allocated or reassured to the NPL WP Fund and of Excluded Policies comprised within the Transferred Business;
  - B. in having regard solely to those interests, be required to take into account the assets and liabilities of the NPL WP Fund as if the NPL WP Fund constituted the whole of the long-term insurance fund of a separate mutual life assurance company; and
  - C. be required to take into account any contractual or other provision restricting or otherwise controlling the acquisition, retention and/or disposal by or for the account of the NPL WP Fund of any investment or other property.

#### **PART 3 - SPECIFIC DUTIES, POWERS, RESPONSIBILITIES AND DISCRETIONS IN RESPECT OF THE NPL WP FUND**

5. The Committee's powers, rights and responsibilities shall (save as otherwise provided in this Appendix and subject to the 2015 Scheme) at all times include the following in relation to the NPL WP Fund (but not any other Fund):
  - A. it may exercise all of the powers of the Board in connection with the investment policy of the NPL WP Fund, excluding the investment policy for any assets

provided as capital support to the NPL WP Fund in accordance with the PLAL Capital Policy;

- B. it may exercise all of the powers of the Board in connection with the bonus policy applied to Policies allocated or reassured to the NPL WP Fund; and

it may take the advice of the PLAL Actuary and/or the WP Actuary for the NPL WP Fund on any issues that may affect the equitable treatment of policyholders.

- 6. The Board and the Committee shall use their respective powers to procure, so far as they are able, that no action or decision relating to any of the following reserved matters will be taken without the prior approval of the Board and the Committee:
  - A. the engagement or change of any investment manager for the NPL WP Fund;
  - B. the engagement or change of any employee or provider of actuarial, finance, administration and management services for the account of the NPL WP Fund;
  - C. the acquisition of any assets for the account of the NPL WP Fund otherwise than for investment purposes; and
  - D. the sale or disposal of any part of the business or assets of the NPL WP Fund other than the disposal of investments for investment purposes.

#### **PART 4 - MISCELLANEOUS**

- 7. Any member may discuss the implementation of the 2015 Scheme or the reasonable expectations of the holders of Policies allocated or reassured to the NPL WP Fund with the Regulators, but only after first discussing the matter with the Committee, the Board and the WP Actuary for the NPL WP Fund.
- 8. Each member of the Committee (and any adviser appointed to advise the Committee in respect of the NPL WP Fund) shall be entitled:
  - A. during normal business hours and on reasonable notice to examine the books, records and accounts of the Company or any other member of the Group, to the extent that such books, records or accounts are relevant to the NPL WP Fund and to the duties of the Committee in respect of the NPL WP Fund;
  - B. to be promptly supplied with such information, including reports, analyses and projections of an actuarial nature from the PLAL Actuary and the WP Actuary for the NPL WP Fund, in such form, at such times and with such frequency as each may reasonably require to keep him properly informed about the business of the Company or any member of the Group insofar as it relates to the NPL WP Fund; and
  - C. to have reasonable access to the PLAL Actuary and the WP Actuary for the NPL WP Fund and to the auditors of the Company.
- 9. The Committee may take such external financial, accounting, actuarial, legal or other advice as it reasonably requires, and the Company shall provide such administrative and secretarial support to the Committee as is reasonably necessary, to enable the Committee properly to carry out its functions in respect of the NPL WP Fund under the 2015 Scheme.

10. The Company shall procure that details of any complaint, enquiry, investigation or disciplinary proceedings emanating from the Regulators or any other regulatory body having or claiming jurisdiction over the NPL WP Fund relating to any matter which might reasonably be expected to affect adversely the NPL WP Fund or the interests of any holders of Policies allocated to the NPL WP Fund or of Excluded Policies comprised within the Transferred Business shall be promptly submitted to the members of the Committee.
11. Provided that the member has first discussed a matter as envisaged by paragraph 7 of this Appendix A with the Committee and the WP Actuary for the NPL WP Fund, he shall be entitled to request the Board to convene a board meeting for the sole purpose of discussing the matter in question. Such meeting shall be held as soon as practicable and in any event within fourteen days of such request.

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Appendix B

**WITH-PROFITS COMPLIANCE PRO-FORMA**

With-Profits Fund	
PPFM Version Number and Date	
Board Paper	
Title	
Date	
Author	
Purpose of the Board Paper	
Resolution	
Does this resolution impact upon the Financial Management of the WP fund?	
Is the resolution consistent with the current PPFM?  Is the resolution consistent with the amended PPFM if changes are being proposed?	
Has any “material judgement” been exercised in relation to principles or key practices within the PPFM? If so provide summary details including the Principles and/or practices.	
Are changes required to the PPFM as a result of approval of this resolution? Describe the change in high level terms.	
If the proposals relate to changes to the PPFM have they received legal/actuarial review? Were any reservations expressed?	
Have the With-Profits Actuary and the WPC reviewed these proposals in consideration of customer treatment, outcomes and appropriate conduct?	
Has the WPC reviewed these proposals for consistency? Any comments?	

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