

**1.0 GENERAL**

- 1.1 The role of the Unit-Linked - With-Profits Advisory Arrangement (ULWPAA) is to provide independent judgment to the Board of Directors ("The Board") of the Society including consideration of whether the management of the Society's unit-linked funds is consistent with the fair treatment of customers.
- 1.2 The ULWPAA is advisory in nature i.e. it is not a decision making body.
- 1.3 The ULWPAA reports to the Board and shall conduct its business in accordance with the Society's Rules, these Terms of Reference, any applicable legislation or regulation and the Society's policies, principles and values.

**2.0 MEMBERSHIP**

- 2.1 Membership and the Chairmanship of the ULWPAA will be determined by the Board taking into account the recommendations of the Nominations Committee.
- 2.2 The ULWPAA will consist of not fewer than three members. All members of the ULWPAA must be Non-Executive Directors.
- 2.3 Only members of the ULWPAA have the right to attend ULWPAA meetings but other individuals may be invited to attend whole or part of the meeting if appropriate.
- 2.4 The ULWPAA may request the presence, at any of its meetings, of any Employees of the Society as it may decide.

**3.0 MEETINGS**

- 3.1 The Chairman of the ULWPAA will chair each meeting. In the case, of the Chairman's absence, the members present will elect one of their number to chair the meeting.
- 3.2 The ULWPAA will meet at least four times a year.
- 3.3 The date of any meeting will not be changed without all members being given at least one week's notice of the revised date.
- 3.4 The quorum will be at least half the number of the ULWPAA and no less than two members. ULWPAA members may be present in person or through any other means of communication but to count towards a quorum; members must be able to fully participate in the ULWPAA's proceedings.
- 3.5 The content of the Agenda for each meeting shall be drafted by the Company Secretary, in a form agreed from time to time with the Chairman, after consultation with the Senior Management Team, prior to approval by the Chairman.
- 3.6 The agenda and papers for each meeting of the ULWPAA will be submitted under the authority of the Chairman and will be circulated to members of the ULWPAA at least one week prior to the meeting. Papers not complying with these requirements will not be tabled at the meeting except with the prior approval of the Chairman.

- 3.7 The Chairman may vote on any issue as an ordinary member of the ULWPAA. If, having done so, the voting is level; he may, if he so decides exercise an additional casting vote to decide the issue.
- 3.8 The Company Secretary or his or her nominee will act as Secretary to the ULWPAA. The Secretary is responsible for producing minutes of the ULWPAA meetings. The minutes will be passed to the Chairman and circulated to all ULWPAA members and appropriate attendees within ten working days.

#### **4.0 MAIN FUNCTIONS**

- 4.1 A schedule of matters to be considered by the ULWPAA in undertaking its role is attached as Appendix 1. This schedule is not exhaustive and the ULWPAA shall have the authority to consider any matter affecting, or with the potential to affect, the unit-linked policyholders.

#### **5.0 STANDARDS**

- 5.1 It is the responsibility of the ULWPAA to monitor that, in regards to the interests of the policyholders of the Society's unit-linked funds that the ULWPAA follows appropriate good practice as laid down in the Society's policies, principles and values and relevant codes of practice.

#### **6.0 REPORTING**

- 6.1 The Chairman shall report formally to the Board on the proceedings of the ULWPAA after each meeting and on how it the ULWPAA has discharged its responsibilities to the Society's unit-linked policyholders.
- 6.2 The ULWPAA shall assess report on, and provide clear advice and, where appropriate, recommendations to the Board on:
- the manner in which the unit-linked funds are managed and whether this is properly reflected within the 'How we manage our unit-linked funds';
  - whether the Society has complied with the 'How we manage our unit-linked funds';
  - whether the operation and pricing of the unit-linked funds, including the exercise of discretion has been managed in a way that is consistent with Treating Customers Fairly, or, where applicable, how it is proposed they should be managed;
  - any proposed amendment to the 'How we manage our unit-linked funds'
- 6.3 The ULWPAA will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.4 The Board shall promptly feedback to the ULWPAA the decisions made by the Board in relation to the advice and recommendations given to it by the ULWPAA.
- 6.5 If the Board departs in any material way from the advice or recommendations of the ULWPAA, it shall set out fully its reasons and allow the ULWPAA a reasonable period to consider them and to respond.
- 6.6 If following such a response the Board still wish to depart in any material way from the advice or recommendations of the ULWPAA, the ULWPAA shall have the right to make further representations to the Board. Again the Board shall set out fully its reasons for the continuing departure from the ULWPAA's advice or recommendations.

6.9 The Chairman will attend the Annual General Meeting to respond to any questions on ULWPAA activities.

## **7.0 AUTHORITY**

7.1 In order to perform its duties the ULWPAA is authorised to seek any information it reasonably requires from any Director, employee of and consultant engaged by the Society.

7.2 The WPAA is authorised to obtain, at the Society's reasonable expense the opinion and input of the Actuarial Function Holder on any matters within its terms of reference in accordance with any procedures agreed by the Board.

7.3 The ULWPAA is authorised to obtain, at the Society's reasonable expense, independent legal, actuarial or other professional advice on any matters within its Terms of Reference in accordance with any procedures agreed by the Board.

7.4 The Chairman of the ULWPAA shall have the right of access to the Chairman of the Society to discuss any matter of concern to the ULWPAA.

7.5 The Society shall notify the Appropriate Regulator in the event that the Board departs from the ULWPAA's advice or recommendation on any significant issue, provided that the matter has been escalated within the Society first and if the ULWPAA considers it to be in the interests of the Society whilst recognising that such a notification is likely to be made only in exceptional circumstances.

## **8.0 CHANGES IN CIRCUMSTANCES AND OTHER INTERESTS**

8.1 The ULWPAA shall adhere to the Society's Conflict of Interest Policy, the Society Rules and relevant legislation. When there is an agenda item which poses a conflict of interest for any ULWPAA member that member should withdraw from the meeting.

8.2 All declarations of conflicts of interest shall be recorded in the minutes of the meeting. They shall also be recorded in the register of interests of Directors and senior staff.

8.3 All ULWPAA members are required to notify the Secretary of the Society of all other bodies in which they have a significant interest or of which they are an employee, director, partner, trustee or for which they perform a similar role.

8.4 All ULWPAA members are required to notify the Secretary of the Society of any changes in circumstances which may affect their Approved Person status under the Appropriate Regulator's regulatory regime or their ability to perform their role as a member of the ULWPAA.

## **9.0 MONITORING**

The ULWPAA will:

- a) Periodically review these Terms of Reference and make any necessary proposals to the Board as to their amendment.
- b) Periodically review and report to the Board on the effectiveness of the ULWPAA.
- c) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

Approved by the Board 24 September 2014

A handwritten signature in blue ink, appearing to read 'Glossed', written in a cursive style.

Company Secretary

**SCHEDULE OF MATTERS RESERVED FOR THE UNIT-LINKED WITH PROFITS  
ADVISORY ARRANGEMENT**

This schedule is not exhaustive and the Unit-Linked With-Profits Advisory Arrangement (ULWPAA) shall have the authority to consider any matter affecting, or with the potential to affect, the unit-linked policyholders by giving consideration to the following:

- any matters that the unit-linked policyholders might reasonably expect the ULWPAA to scrutinize and have oversight of
- the standards for the operation of the unit-linked funds
- targets for accuracy within fund pricing
- monitoring the stock (or box) of units held for each fund that are not required to match policyholder benefits and any profit or loss arising
- fairness to unit-linked policyholders
- the way in which the Society has exercised, or proposes to exercise, its discretion in the management of the fund
- policy benefits are calculated fairly and accurately
- appropriateness of new funds and existing funds in relation to policyholder benefits
- any changes to funds such as mergers or closures
- the Society's customer communications, including any marketing materials and policy disclosures
- impact of fund changes on operational capabilities
- the impact of any planned or implemented management actions
- any relevant management information, such as policyholder complaints data
- the costs incurred in operating the unit-linked funds
- changes to Annual Management Charges and expenses made to funds