

1.0 GENERAL

- 1.1 The role of the Order Insurance Fund With-Profits Advisory Arrangement (WPAA) is to provide independent judgment to the Board of Directors ("The Board") of the Society including consideration of the conflicting rights and interests of the With-Profits policyholders of Order Insurance Fund and other policyholders and stakeholders including members of the Society in a way that is consistent with the fair treatment of customers.
- 1.2 The WPAA is advisory in nature i.e. it is not a decision making body.
- 1.3 The WPAA 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 WPAA will be determined by the Board taking into account the recommendations of the Nominations Committee.
- 2.2 Before making an appointment to the WPAA the Society shall consult the With-Profits Actuary.
- 2.3 The WPAA will consist of not fewer than three members. All members of the WPAA must be Non-Executive Directors.
- 2.4 Only members of the WPAA and the Society's With-Profits Actuary have the right to attend WPAA meetings but other individuals may be invited to attend whole or part of the meeting if appropriate.
- 2.5 The WPAA 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 WPAA 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 WPAA 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 WPAA and no less than two members. WPAA 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 WPAA'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, and as discussed by

the Senior Management Team prior to approval by the Chairman.

- 3.6 The agenda and papers for each meeting of the WPAA will be submitted under the authority of the Chairman and will be circulated to members of the WPAA 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 WPAA. 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 WPAA. The Secretary is responsible for producing minutes of the WPAA meetings. The minutes will be passed to the Chairman and circulated to all WPAA members and appropriate attendees within two weeks.

4.0 MAIN FUNCTIONS

- 4.1 A schedule of matters to be considered by the WPAA in undertaking its role is attached as Appendix 1. This schedule is not exhaustive and the WPAA shall have the authority to consider any matter affecting, or with the potential to affect, the With-Profits policyholders.
- 4.2 The WPAA will advise the Society on the suitability of candidates proposed for appointment as the With-Profits Actuary and will assess the performance of the With-Profits Actuary at least annually, and report its view to the Board.

5.0 STANDARDS

- 5.1 It is the responsibility of the WPAA to monitor that, in regards to the interests of the policyholders of The Order Insurance With-Profits Fund that the WPAA 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 WPAA after each meeting and on how it the WPAA has discharged its responsibilities to With-Profits policyholders.
- 6.2 The WPAA shall assess report on, and provide clear advice and, where appropriate, recommendations to the Board on:
 - the manner in which the Order Insurance With-Profits Fund is managed and whether this is properly reflected within the PPFM;
 - whether the Society has complied with the Principals and Practices set out in the PPFM;
 - whether conflicts of interest, including inter-generational issues, issues between with-profits policyholders and members, non-profit policyholders and other stakeholders, have been identified and 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 PPFM
- 6.3 The WPAA 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 WPAA the decisions made by the Board in relation to the advice and recommendations given to it by the WPAA.
- 6.5 If the Board departs in any material way from the advice or recommendations of the WPAA, it shall set out fully its reasons and allow the WPAA 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 WPAA, the WPAA 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 WPAA's advice or recommendations.
- 6.7 The WPAA shall produce a report, in accordance with any applicable governance code and any other relevant regulations or guidance, to be included in the Society's Annual Report, and ensure that all appropriate disclosure obligations are fulfilled.
- 6.8 The WPAA shall have the right to require a report, written and approved by the WPAA, to be published to the With-Profits policyholders.
- 6.9 The Chairman will attend the Annual General Meeting to respond to any questions on WPAA activities.

7.0 AUTHORITY

- 7.1 In order to perform its duties the WPAA 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 With-Profits Actuary on any matters within its terms of reference in accordance with any procedures agreed by the Board.
- 7.3 The WPAA is authorised to obtain, at the Society's reasonable expense, outside legal 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 WPAA shall have the right of access to the Chairman of the Society to discuss any matter of concern to the WPAA.
- 7.5 The Society shall notify the Appropriate Regulator in the event that the Board departs from the WPAA's advice or recommendation on any significant issue, provided that the matter has been escalated within the Society first and if the WPAA 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 WPAA 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 WPAA 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 WPAA 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 WPAA 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 Reuglator’s regulatory regime or their ability to perform their role as a member of the WPAA.

9.0 MONITORING

The WPAA 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 WPAA.
- 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 25 September 2013

A handwritten signature in blue ink, appearing to read 'Glossed', is written over the text 'Company Secretary'.

Company Secretary

SCHEDULE OF MATTERS RESERVED FOR THE ORDER INSURANCE FUND WITH PROFITS ADVISORY ARRANGEMENT

This schedule is not exhaustive and the Order Insurance Fund WPAA shall have the authority to consider any matter affecting, or with the potential to affect, the With-Profits policyholders by giving consideration to the following:

- any matters that the With-Profits policyholders might reasonably expect the WPAA to scrutinise.
- the identification of surplus, and excess surplus, and the merits of its distribution as against retention;
- the way in which the Society has exercised, or proposes to exercise, its discretion in the management of the With-Profits business including, but not limited to, matters relating to the calculation and application of asset shares, smoothing, bonus declarations and MVRs.
- the relative interests of policyholders with and without valuable guarantees
- the Society's customer communications, including annual bonus notices and product literature;
- any significant changes, or proposed changes, to the risk and investment profile of the Order Insurance With-Profits Fund, including the management of material illiquid investments and strategic investments;
- the Society strategy for future sales supported by the assets of the With-profits fund and its impact on surplus
- the impact of any planned or implemented management actions;
- any relevant management information, such as policyholder complaints data
- the drafting, review, updating and adherence to, distribution, management and run-off plans and transfer instruments as appropriate and ;
- the costs incurred in operating the With-Profits fund;