

## With-Profits Committee Terms of Reference

### Aims and Objectives

Phoenix Life Limited ("**Phoenix**") is committed to fair treatment for all customers. The role of the With-Profits Committee is to consider the interests of with-profits policyholders and exercise independent judgement in advising the Board of Phoenix (the "**Phoenix Board**") on the achievement of fair treatment for those policyholders, reflecting a fair balance of interests amongst policyholders and between policyholders and shareholders in the ongoing management of with-profits policies and with-profits funds and in any proposed actions affecting those policyholders. The With-Profits Committee's responsibilities extend to all with-profits policyholders who participate in discretionary distributions based on profits arising in a Phoenix With-Profits Fund. These policyholders are either Phoenix policyholders whose policies were written in the United Kingdom or policyholders of Standard Life International dac ("**SL Intl**") or Phoenix Life Assurance Europe dac ("**PLAE**") who participate in a Phoenix with-profits fund via reinsurance.

The With-Profits Committee reports its advice to the Phoenix Board and the Boards of SL Intl, PLAE and other associated group companies as appropriate and has the authority to report to with-profits policyholders where it considers this necessary.

Unless otherwise indicated, references in these terms of reference to paragraphs, Parts and Schedules are to paragraphs, Parts and Schedules of the Part VII Scheme under which the business of Phoenix Life Assurance Limited, Standard Life Assurance Limited and Standard Life Pension Funds Limited was transferred to Phoenix in [October 2023] (the "**Phoenix 2023 Scheme**").

Capitalised terms in these terms of reference should be given the same meaning as those in the Phoenix 2023 Scheme unless otherwise indicated.

Any reference in these terms of reference to "**fair**", "**fair treatment**" and similar phrases in relation to policyholders or customers in the context of the operation of Phoenix and its Funds and the uses of discretion within that shall include the requirement in Principle 12 of the FCA Handbook and related rules to act to deliver good outcomes for retail clients (for so long as such rules are in force).

### 1 Committee purpose

1.1 The With-Profits Committee is a committee of the Phoenix Board which will:

- 1.1.1 support the Phoenix Board in discharging its corporate governance responsibilities in relation to compliance with the FCA's Principles and Practices of Financial Management ("**PPFM**") requirements.
- 1.1.2 for so long as the NPL WP Fund exists, exercise certain additional duties, powers, rights and responsibilities in respect of the NPL WP Fund as set out in Part 4 of Schedule 13;
- 1.1.3 for so long as the SPI WP Fund exists, exercise certain additional duties, powers, rights, responsibilities and discretions in respect of the SPI WP Fund [and former members of SPI], as set out in Part 6 of Schedule 19;
- 1.1.4 provide independent judgement in the assessment of compliance with each PPFM and in how any competing or conflicting rights and interests of policyholders and, if applicable, shareholders have been addressed;
- 1.1.5 provide oversight of the PALAL Part 26 Scheme and compliance by Phoenix with the requirements set out in paragraph 3 of Part 1 of Schedule 16;

- 1.1.6 consider all major transactions involving Phoenix (e.g. Part VII transfers, reinsurances, outsourcing) to the extent to which they impact upon holders of With-Profits Policies; and
- 1.1.7 consider at the request of the Phoenix Board all proposals for the exercise of discretion in respect of Non-Profit Policies and Phoenix's conduct and overall approach to treating customers fairly.
- 1.2 For the avoidance of doubt, the use of the term conduct throughout these terms of reference is used to refer to behaviour, attitudes and motivations in terms of the experiences and outcomes offered to customers.
- 1.3 References in these terms of reference to the With-Profits Funds should be taken to mean the 100% WP Fund, the 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the German SM WP Fund, the German WP Fund, the Heritage WP Fund, the LL WP Fund, the NPL WP Fund, the Pearl WP Fund, the Phoenix WP Fund, the SAL WP Fund, the SERP Fund, the Scottish Mutual WP Fund, SPI WP Fund and the UKSM WP Fund and any other with-profits sub-funds of the Phoenix Long-Term Fund established in accordance with the Phoenix 2023 Scheme or otherwise.
- 1.4 All references to PPFM in these terms of reference should be taken to include the German SM WP Fund Internal PPFM and the German WP Fund Internal PPFM.

## **2 Guiding principles**

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

### **3 Duties and scope**

- 3.1** To assess, report on, and provide clear advice and, where appropriate, recommendations to the Phoenix Board on:
  - 3.1.1** the way in which each With-Profits Fund is managed and whether this is properly reflected in the relevant PPFM;
  - 3.1.2** whether the Phoenix Board has addressed effectively the conflicting rights and interests of holders of With-Profits Policies 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
  - 3.1.3** any other issues with which the Phoenix Board or the With-Profits Committee considers holders of With-Profits Policies might reasonably expect the With-Profits Committee to be involved.
- 3.2** To decide on the specific matters that it will consider in order to enable the With-Profits Committee to carry out its role as appropriate to the particular circumstances of the With-Profits Funds.
- 3.3** To advise the Phoenix Board of the suitability of candidates proposed for appointment as With-Profits Actuaries.
- 3.4** To assess the performance of each With-Profits Actuary at least annually and report its views to the Phoenix Board.
- 3.5** To give appropriate consideration to the following issues:
  - 3.5.1** the identification of surplus and excess surplus, the merits of its distribution or retention and the proposed distribution policy;
  - 3.5.2** how bonus rates, smoothing and, if relevant, market value reductions have been calculated and applied;
  - 3.5.3** if relevant, the relative interests of policyholders with and without valuable guarantees;
  - 3.5.4** with-profits customer communications such as annual policyholder statements and product literature and whether the With-Profits Committee wishes to make a statement or report to holders of With-Profits Policies in addition to the annual report;
  - 3.5.5** any significant changes to the risk or investment profile of a With-Profits Fund including the management of material illiquid investments and Phoenix's obligations in relation to strategic investments;
  - 3.5.6** the strategy for future sales (if any) supported by the assets of a With-Profits Fund and its impact on surplus;
  - 3.5.7** the impact of any management actions planned or implemented;
  - 3.5.8** relevant management information such as customer complaints data (but not necessarily information relating to individual customer complaints);
  - 3.5.9** the review of run-off plans and similar matters;
  - 3.5.10** the production of any annual certificates required by court schemes;
  - 3.5.11** the costs incurred in operating the With-Profits Funds and their allocation;

- 3.5.12 the identification and extent of Phoenix's With-Profits Funds, with particular regard to the considerations as to whether a part of a With-Profits Fund constitutes a separate With-Profits Fund in accordance with COBS 20.1A.2R (Sub-funds);
  - 3.5.13 the use and purpose of, and terms under which, support assets are available to the With-Profits Funds, having regard to the considerations in COBS 20.2.33G to COBS 20.2.34G and COBS 20.2.34AR that the terms of the support should be clear unambiguous, adequately documented and consistent with the relevant PPFM, and should only be relied upon to the extent that the support is sub-ordinate to the fair treatment of customers; and
  - 3.5.14 any duties or obligations, not otherwise referred to, imposed on the With-Profits Committee by Court schemes.
- 3.6** The With-Profits Committee will verify that processes followed are consistent with the relevant PPFM and that decisions taken by the Phoenix Board have followed due process and are consistent in themselves with the relevant PPFM.
- 3.7** The main areas of focus are Solvency, Investment, Fund Management, Bonus Decisions and Customer Communication relating to changes to the relevant PPFM (this includes related matters such as use of the estate and payments to shareholders).
- 3.8** For clarity, any reports on the matters referred to in paragraph 3.5 of these terms of reference and the following topics, which would be directed to the Phoenix Board or Investment Committee, should also be submitted to the With-Profits Committee. The list is not exhaustive – if in doubt reports should be submitted to the With-Profits Committee for their assessment of relevance:
- 3.8.1 identified and developing business risks which would affect the With-Profits Funds;
  - 3.8.2 reviews of the financial position of the With-Profits Funds and any matters affecting that position – specifically:
    - (i) any proposed shareholder releases which would in the opinion of the Phoenix Chief Actuary result in Phoenix being unable to cover its capital policy, or in the opinion of the relevant Phoenix With-Profits Actuary might otherwise adversely affect any With-Profits Fund;
    - (ii) allocation of costs to the With-Profits Funds;
    - (iii) changes in surrender values;
    - (iv) any discretionary charges against the estate or Asset Shares; and
    - (v) new provisions for actual or contingent liabilities in With-Profits Funds and who is to pay for them;
  - 3.8.3 balance sheets of the With-Profits Funds which are required to be produced under the laws and regulations relating to Phoenix concerning the authorisation and supervision of insurance undertakings;
  - 3.8.4 PPFM-related Phoenix Board and Investment Committee minutes and decisions; and
  - 3.8.5 any proposed changes which would result in revisions to a PPFM.

- 3.9** The With-Profits Committee will endorse Phoenix Board submissions for consistency – appending comments and recommendations as required.
- 3.10** The With-Profits Committee will review decisions taken by the Phoenix Board for consistency with the relevant PPFM.
- 3.11** The With-Profits Committee will work closely with the Phoenix With-Profits Actuaries and obtain their opinion and input as appropriate.
- 3.12** The With-Profits Committee will have the opportunity to review the annual report from the Phoenix Board to customers confirming compliance with each relevant PPFM in accordance with COBS 20.4.7 and the accompanying annual report from the relevant Phoenix With-Profits Actuary in accordance with SUP 4.3.16A.
- 3.13** The With-Profits Committee is also authorised to make a statement or report to holders of With-Profits Policies, in addition to any statement made by Phoenix, on any matter arising from its independent review activities as described in this paragraph 3. Such statement or report will also be presented to the Phoenix Board and placed on relevant parts of Phoenix’s websites. If the statement or report is relevant to SL Intl and/or PLAE policyholders, it will also be presented to the board of directors of SL Intl and/or PLAE as appropriate.
- 3.14** The With-Profits Committee will overview the maintenance of the currency of each PPFM (including the consideration of new guidance and regulatory changes).
- 3.15** The With-Profits Committee will monitor necessary communication of PPFM changes to customers so that it is conducted in a timely and practical way.
- 3.16** The With-Profits Committee will 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 Phoenix Board for approval.
- 3.17** The With-Profits Committee will recommend to the Phoenix Board that capital support should be provided to any With-Profits Fund to the extent needed to treat customers fairly.
- 3.18** The With-Profits Committee will in respect of the SAL WP Fund, oversee the fair operation of the PALAL Part 26 Scheme and the additional Court Undertaking (as defined therein) on both included and excluded policyholders. The PALAL Part 26 Scheme became effective from 31 December 2009, under its terms certain with-profits pension policyholders gave up their option to convert their maturity value into an annuity on guaranteed rates in exchange for an immediate increase in the value of their policy and a change in the underlying investment practices for their policy.
- 3.19** The With-Profits Committee will facilitate such ad-hoc tasks as requested by the Phoenix Board and agreed by the With-Profits Committee.
- 3.20** In discharging its functions in relation to a With-Profits Fund, the With-Profits 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 With-Profits Fund.
- 3.21** The With-Profits Committee shall recommend to the Phoenix 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.
- 3.22** The With-Profits Committee may request the Phoenix Board to notify the Regulator of a decision of the Phoenix Board to depart from the advice or recommendation of the With-

Profits Committee if it considers the matter sufficiently significant. If the matter affects SL Intl and/or PLAE policyholders, then the board of directors of SL Intl and/or PLAE (as appropriate) shall be notified of any such request.

- 3.23** The boards of directors of SL Intl and PLAE are entitled to make representations to the With-Profits Committee and the Phoenix Board on matters affecting policies reinsured to Phoenix from SL Intl and PLAE respectively and receive an explanation of the basis for decisions which affect their policyholders. The With-Profits Committee has a duty to consider such representations.

## **4 Duties in respect of the NPL WP Fund and the SPI WP Fund**

### **4.1 Duties in respect of the NPL WP Fund**

4.1.1 In respect of the NPL WP Fund the With-Profits Committee shall have:

- (i) the general duties set out in paragraph 2 of Part 4 of Schedule 13; and
- (ii) the specific duties, powers, responsibilities and discretions set out in paragraph 3 of Part 4 of Schedule 13, which include responsibility for the investment and bonus policy of the NPL WP Fund.

4.1.2 In respect of the NPL WP Fund, the provisions of Part 4 of Schedule 13 shall be deemed to be incorporated into these terms of reference.

4.1.3 The provisions of this paragraph 4.1 and Part 4 of Schedule 13 shall apply until the NPL WP Fund ceases to exist.

### **4.2 Duties in respect of the SPI WP Fund**

4.2.1 In respect of the SPI WP Fund the With-Profits Committee shall have:

- (i) the general duties set out in paragraph 2 of Part 6 of Schedule 19; and
- (ii) the specific duties, powers, responsibilities and discretions set out in paragraph 3 of Part 6 of Schedule 19, which include responsibility for the investment and bonus policy of the SPI WP Fund.

4.2.2 In respect of the SPI WP Fund, the provisions of Part 6 of Schedule 19 shall be deemed to be incorporated in these terms of reference.

4.2.3 The provisions of this paragraph 4.2 and Part 6 of Schedule 19 shall apply until the SPI WP Fund ceases to exist.

**4.3** In the event of any conflict between any other provision of these With-Profits Committee terms of reference and the provisions of this paragraph 4, this paragraph 4 shall prevail.

## **5 Composition and chair**

**5.1** The With-Profits Committee shall consist of not less than three members (the "**Members**"), with a majority of the Members being Non-Executive Members selected by the Phoenix Board, provided that, subject to paragraph 5.8 of these terms of reference, at least one Non-Executive Member is an Independent Member as defined in paragraph 5.4 of these terms of reference.

**5.2** A Non-Executive Member (other than the Independent Member) shall be a person who is not employed in an executive capacity by, and does not hold any position other than that of a non-executive director or non-executive member of a board committee (including, for the

avoidance of doubt, an independent member of the Independent Governance Committee) with any company when it is a member of the Phoenix Group.

**5.3** A Non-Executive Member shall not be a person who:

**5.3.1** is or has been, at any time in the five years preceding their appointment, an employee of Phoenix or of any member of the Phoenix Group;

**5.3.2** has or has had, at any time in the five years preceding their appointment, any form of material consulting or contractual relationship with Phoenix or a member of the Phoenix Group (other than as a retail customer, a non-executive director or non-executive member of a board committee (including, for the avoidance of doubt, an independent member of the Independent Governance Committee));

**5.3.3** receives or has received, at any time in the three years preceding their appointment, additional remuneration from Phoenix or from another member of the Phoenix Group other than fees received for performing the role of a non-executive director or a non-executive member of a board committee (including, for the avoidance of doubt, an independent member of the Independent Governance Committee) or participates in a share option or performance-related pay scheme of Phoenix or of another member of the Phoenix Group; or

**5.3.4** has served on the With-Profits Committee (or any with-profits committee or equivalent committee within Phoenix or any predecessor company whose with-profits policies or with-profits funds are or have been transferred to Phoenix) for more than nine years from the date of their first appointment save that any Non-Executive Member who has served for more than nine years from the date of their first appointment shall be subject to annual re-appointment by the Phoenix Board.

**5.4** The Independent Member shall be a person who qualifies as a Non-Executive Member, is not a non-executive director of any member or prospective member of the Phoenix Group and is an actuary with recent relevant experience in the conduct of with-profits business and the fair treatment of with-profits policyholders.

**5.5** The Independent Member shall be selected, and may be removed, by the Phoenix Board (unless such removal would result in there ceasing to be an Independent Member other than as contemplated in paragraphs 6.1.1 to 6.1.5 of these terms of reference) but no person shall be appointed as the Independent Member unless:

**5.5.1**

(i) the appointment has been approved by all of the then 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 Phoenix 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

**5.5.2** 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 paragraphs 6.1.1 to 6.1.5 of these terms of reference.

- 5.6** In the circumstances contemplated by paragraph 5.5.2 of these terms of reference, written notice of the intended appointment must be given by or on behalf of the Phoenix 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 they approve of the proposed replacement Independent Member and, if not, the reasons therefor. If they do not do so within such 30 day period, then they shall be deemed to have approved the proposed replacement. If, within such 30 day period (or such longer period as the Phoenix Board considers appropriate), the Phoenix Board and the outgoing Independent Member shall be unable to agree on the selection of a replacement Independent Member, then the Phoenix 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 Phoenix Board should be taken to apply to the Phoenix 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 of these terms of reference, the nominated replacement Independent Member will, subject to consenting to act and to compliance with paragraph 5.5.1 of these terms of reference, be appointed as the replacement Independent Member. If the regulator does object to the appointment of such replacement Independent Member, the Phoenix Board will propose another replacement Independent Member following the process outlined in paragraphs 5.5, 5.6 and this paragraph 5.7 of these terms of reference, until a replacement Independent Member has been approved and appointed.
- 5.8** There shall at all times be an Independent Member on the With-Profits Committee, except where there is no Independent Member for a temporary period because the outgoing Independent Member has ceased to be a Member in circumstances listed in paragraphs 6.1.1 to 6.1.5 of these terms of reference.
- 5.9** The Members should have appropriate skills, knowledge and experience relevant to the duties and scope of the With-Profits Committee.
- 5.10** Appointments, rotations and resignations will be decided by the Phoenix Board subject to the other provisions of this paragraph 5, and paragraphs 6 and 7 of these terms of reference.
- 5.11** The chair of the With-Profits Committee shall be a Non-Executive Member. The chair of the With-Profits Committee may nominate any other Non-Executive Member to chair meetings of the With-Profits Committee in their absence.
- 5.12** The chair of the With-Profits Committee shall be appointed or removed by resolution of the Phoenix Board.
- 5.13** The chair of the With-Profits Committee will have no casting vote.
- 5.14** The Office of the Company Secretary of Phoenix will provide secretarial services to the With-Profits Committee.

## **6 Vacation of office and subsequent appointments**

- 6.1** Membership of the With-Profits Committee shall cease in accordance with paragraph 6.2 of these terms of reference in respect of any Member where:

- 6.1.1 a bankruptcy or sequestration order has been made against them or they have compounded with their creditors generally or 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;
  - 6.1.2 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 their assets or affairs;
  - 6.1.3 a regulator has declared that that Member is not a fit and proper person in the context of their membership of the With-Profits Committee or withdraws the Member's status as an approved person;
  - 6.1.4 the Member is imprisoned;
  - 6.1.5 the Member dies or otherwise becomes incapable of acting;
  - 6.1.6 that Member resigns or retires by notice in writing either to the chair of the With-Profits Committee or to the chair of the Phoenix Board; or
  - 6.1.7 the Member is a Non-Executive Member who shall for more than six consecutive months have been absent without permission from meetings of the With-Profits Committee held during that period and the other Members resolve that their office be vacated.
- 6.2 In any case falling within paragraph 6.1.5 of these terms of reference, cessation of membership will be automatic on the occurrence of the event. In any case falling within paragraphs 6.1.1, 6.1.2, 6.1.3, 6.1.4 or 6.1.7 of these terms of reference, cessation of membership shall only be effected by notice in writing to the Phoenix Board signed by the chair of the With-Profits Committee or by a majority of the remaining Members of the With-Profits Committee.
- 6.3 Membership of the With-Profits Committee shall in addition cease in respect of any Member if the Phoenix Board shall have delivered a notice in writing to the chair for the time being of the With-Profits Committee and to the Member removing that Member from the With-Profits Committee. Notice will not be effective in so far as the composition of the membership of the With-Profits Committee ceases to comply with the provisions under paragraph 5.1 of these terms of reference.

## **7 New or replacement Members**

- 7.1 New or replacement Members will be appointed by the Phoenix Board and any such appointment shall be effected by notice in writing to the chair for the time being of the With-Profits Committee.
- 7.2 All appointments to the With-Profits Committee shall follow due process including but, as the case may be, not limited to:
  - 7.2.1 consultation with the Phoenix With-Profits Actuaries in accordance with the requirements of COBS 20.5.5 (4);
  - 7.2.2 preparation of a paper for the Phoenix Board providing details of the skills, experience, capability and capacity of the candidate taking account of the

requirements of these terms of reference and the FCA Handbook (including those in COBS 20.5.7);

**7.2.3** consideration of the proposed appointment by Phoenix's Nomination Committee; and

**7.2.4** consideration and, if thought fit, approval of the proposed appointment by the Phoenix Board taking account of the recommendation of the Nomination Committee and the chair of the With-Profits Committee.

**7.3** In addition, the selection and appointment of the Independent Member shall be governed by and must comply with the requirements set out in paragraphs 5.5 to 5.7 of these terms of reference.

## **8 External advice**

The With-Profits Committee may take such external financial, accounting, actuarial, legal or other advice as the With-Profits Committee deems appropriate. The With-Profits Committee may request that the cost of such external advice is either paid by Phoenix, or shared between Phoenix and the relevant With-Profits Fund(s) depending on whether the issue under consideration is a matter that is wholly or partly to the benefit of the Phoenix, or wholly or partly for the benefit of holders of With-Profits Policies.

## **9 Committee procedures**

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

**9.2** Meetings of the With-Profits Committee shall be convened at the request of any of its Members 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 With-Profits 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 With-Profits Committee shall be a minimum of at least half the number of Members, provided that a majority of the Members present at the commencement of the With-Profits Committee meeting, duly convened in accordance with these terms of reference, are Non-Executive Members.

**9.4** Notwithstanding paragraph 9.3 of these terms of reference, the Phoenix Board shall use all reasonable efforts to ensure the participation of the Independent Member in any meeting of the With-Profits Committee, whether in person or by telephone or other communication equipment (as set out in paragraph 9.11 of these terms of reference).

**9.5** Following receipt of notice of any meeting, the Independent Member may make a request of the chair of the With-Profits Committee that such meeting of the With-Profits Committee which the Independent Member cannot, for any reason, attend be rescheduled to such other time, date and/or place so that they may attend (being a date not more than five (5) business days after the original proposed With-Profits Committee meeting date and to a place not outside the United Kingdom). The With-Profits 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 With-Profits Committee their views on any business to be discussed at any meeting of the With-Profits Committee which they are 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 With-Profits Committee to consider them in advance of the meeting. Any such views shall be formally tabled and discussed at the relevant meeting of the With-Profits Committee.

**9.7** Any meeting of the With-Profits Committee proceeding in the absence of the Independent Member may be adjourned by any attending Member of the With-Profits 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 business days thereafter) that the chair may propose.

**9.8** A meeting of the With-Profits Committee at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the With-Profits 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 With-Profits 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 chair may propose. At such adjourned meeting, provided that:

**9.9.1** not less than seven clear days' notice has been given to the Independent Member; and

**9.9.2** 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 With-Profits 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 With-Profits Committee shall not be entitled to exercise any of the powers or rights set out in Part 4 of Schedule 13 or Part 6 of Schedule 19 otherwise than pursuant to a resolution passed at a meeting held in accordance with this paragraph 9, minutes of which have been delivered to the Phoenix Board or to a nominated representative of the Phoenix Board. Phoenix shall make available its company secretary (or such other person as may be appointed by them) to produce the minutes of meetings of the With-Profits Committee and shall procure that such minutes are produced as soon as reasonably practicable after the relevant meeting of the With-Profits Committee.

**9.11** A meeting may be held by the With-Profits 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 of these terms of reference, resolutions of the With-Profits Committee shall be made by vote of the Members at a duly constituted meeting of the With-Profits Committee, and shall be passed if approved by a simple majority of those present and voting.
- 9.13** The With-Profits 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 With-Profits Committee Members have approved 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 With-Profits Committee may decide.
- 9.15** Subject to paragraphs 9.16 and 9.17 of these terms of reference, only Members of the With-Profits Committee and the Secretary to the With-Profits Committee have the right to attend With-Profits Committee meetings.
- 9.16** Unless the With-Profits Committee, in its sole discretion, determines that such person(s) shall not attend all or part of a With-Profits Committee meeting:
- 9.16.1** the With-Profits Actuaries are expected to attend every With-Profits Committee meeting;
  - 9.16.2** the SL Intl Head of Actuarial Function (or another SL Intl representative) is expected to attend the parts of every With-Profits Committee meeting concerning matters affecting SL Intl policyholders; and
  - 9.16.3** the PLAE Head of Actuarial Function (or another PLAE representative) is expected to attend the parts of every With-Profits Committee meeting concerning matters affecting PLAE policyholders.
- Other individuals, including members of management, may be invited to attend all or part of any meeting as and when appropriate, at the sole discretion of the With-Profits Committee.
- 9.17** The Secretary to the With-Profits Committee shall, subject to the agreement of the chair of the With-Profits Committee, extend an invitation to the directors of Phoenix, SL Intl and PLAE and ensure that they are provided with the details of each With-Profits Committee meeting including the venue, time and date, and given access to the agenda and papers as appropriate.
- 9.18** The With-Profits Committee shall, at all times, keep the Phoenix 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 With-Profits Committee shall procure that minutes of all its meetings are promptly delivered to the Phoenix Board. The minutes of any items affecting SL Intl policyholders or PLAE policyholders shall be submitted to the board of directors of the respective company.
- 9.19** Each Member of the With-Profits Committee shall be entitled to receive information relating to the With-Profits 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 Phoenix Board or its nominated representative and the Phoenix With-Profits Actuaries, 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 appropriate regulatory authorities.

**9.20** The With-Profits Committee will have access to the services of Phoenix's secretariat function on all With-Profits Committee matters, including assisting the chair of the With-Profits Committee in planning the With-Profits 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 With-Profits Committee will review its terms of reference annually.

**10.2** Subject to paragraph 10.6 of these terms of reference, the Phoenix Board may make amendments to these terms of reference, Part 4 of Schedule 13 and/or Part 6 of Schedule 19 if each of the following sub-paragraphs applies:

**10.2.1** the Phoenix Chief Actuary and the Phoenix With-Profits Actuaries have each certified in writing that, in their opinion, the proposal does not have an adverse effect on the reasonable expectations, having taken into account the provisions of the Phoenix 2023 Scheme and any obligation to treat customers fairly, of the holders of With-Profits Policies allocated to the relevant With-Profits Fund(s) affected by the amendment (or any part of whose benefits are allocated to the relevant With-Profits Fund(s));

**10.2.2** subject to paragraphs 10.3, 10.4 and 10.5 of these terms of reference, an independent actuary has certified that the proposed amendment will not adversely affect the reasonable expectations of the holders of SPI WP Fund With-Profits Policies or reduce the protection conferred by the Phoenix 2023 Scheme on holders of SPI WP Fund With-Profits Policies;

**10.2.3** the With-Profits Committee has been consulted and not objected to any such amendment; and

**10.2.4** subject to paragraphs 10.4 and 10.5 of these terms of reference, 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.

**10.3** If the SPI WP Fund ceases to exist, paragraph 10.2.2 of these terms of reference shall not apply.

**10.4** If both the NPL WP Fund and the SPI WP Fund cease to exist, paragraph 10.2.3 of these terms of reference shall not apply.

**10.5** No certification by an independent actuary or notification to the Regulators in accordance with paragraph 10.2 of these terms of reference shall be required in any case where all of the Non-Executive Members have approved the proposed amendment and have agreed that such certification or notification is not necessary.

**10.6** The Phoenix Board may amend the terms of these terms of reference, paragraph 28, Part 4 of Schedule 13 and Part 6 of Schedule 19, provided that it and the With-Profits Committee both consider the amendments to be immaterial or necessary to correct an error or omission.