

## UTMOST LIFE AND PENSIONS LIMITED With-Profits Committee Terms of Reference

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### 1. Purpose

- 1.1. The With-Profits Committee acts in an advisory capacity to inform the decision-making by:
  - the Utmost Life and Pensions Board ("the Board") in relation to the management of Utmost Life and Pensions With-Profits Sub-Funds; and
  - the Equitable Life Assurance Society ("ELAS") Board (" the ELAS Board") in relation to the management of the UK-Style German business within the ELAS With-Profits Fund.
- 1.2. The With-Profits Committee will consider relevant matters affecting Policyholders generally and matters which affect sub-groups of Policyholders rather than individual cases.
- 1.3. The Reliance Mutual transfer scheme made by court order under Part VII FSMA on 15 of March 2018 ("the Scheme") requires that the With-Profits Committee will remain in place until the Utmost Life and Pensions With-Profits Sub-Funds are closed in accordance with the Scheme subject to anything to the contrary expressly contained in the Scheme or these terms of reference.

### 2. Membership

- 2.1. The Chair and other members of the Committee will be appointed by the Board in consultation with the ELAS Board. The Chair will also be consulted on the appointment of Committee members. A majority of the members of the Committee shall, at all times, be independent of Utmost Life and Pensions and its group of companies (always accepting that a member's independence shall not be diminished by having served as an Independent Director of Reliance Mutual Insurance Society Ltd ("RMIS"), ELAS, or Utmost Life and Pensions).
- 2.2. The With-Profits Committee will consist of no more than six (6) members, and the Chair of the Committee and the majority of members shall not be directors of Utmost Life and Pensions. The Chair shall be entitled to a casting vote in addition to any vote they may have.
- 2.3. At least one member of the With-Profits Committee shall have recent and relevant

financial experience and shall, preferably, hold a professional qualification from the professional actuarial body.

- 2.4. Neither the Chair of the Board nor the Chair of the ELAS Board shall be a member of the With-Profits Committee.
- 2.5. Only members of the With-Profits Committee have the right to attend With-Profits Committee meetings. However, other directors and other individuals (including representatives of external advisers) may be invited to attend all or part of any meeting as and when appropriate in the opinion of the With-Profits Committee's Chair or the majority of its members.
- 2.6. The remuneration of the With-Profits Committee members shall be reviewed annually by the Board. Such remuneration will be borne by Utmost Life and Pensions without recourse to the Utmost Life and Pensions With-Profits Sub-Funds or the ELAS With-Profits Fund. Each member of the With-Profits Committee will be reimbursed by Utmost Life and Pensions, without recourse to the Utmost Life and Pensions With-Profits Sub-Funds or the ELAS With-Profits Fund, for all reasonable travel and accommodation expenses incurred in connection with the business of the With-Profits Committee.

### **3. Secretary**

- 3.1. The company secretary of Utmost Life and Pensions, or any other person selected for the task by the With-Profits Committee, shall act as the secretary of the With-Profits Committee.

### **4. Quorum**

- 4.1. The quorum for any meeting or decision by written procedure of the Committee shall be three (3). Executive Directors in attendance must not form a majority.
- 4.2. A duly convened meeting of the With-Profits Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the With-Profits Committee.

### **5. Frequency of Meetings**

- 5.1. The With-Profits Committee shall meet at least four (4) times a year at appropriate intervals in the financial reporting and with-profits cycle and otherwise as required.
- 5.2. Outside of the formal meeting programme, the With-Profits Committee Chair shall maintain a dialogue with key individuals involved in Utmost Life and Pensions' governance, including the Chair of the Board and the ELAS Board, the Chairs of any other committees of the Board, the Chief Executive, the Chief Financial Officer, the Chief Actuary and the With-Profits Actuary.

### **6. Notice of Meetings**

- 6.1. Meetings of the With-Profits Committee shall be convened by the secretary of the With-Profits Committee at the request of any of its members or the With-Profits Actuary.
- 6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the With-Profits Committee, any other person required to attend and all other Non-Executive Directors of Utmost Life and Pensions and ELAS, no later than 5 Business Days

before the date of the meeting.

- 6.3. The secretary shall ensure that each member of the With-Profits Committee (and any other attendee as appropriate) receives information and papers in a timely manner to enable proper consideration to be given to issues.
- 6.4. A meeting of the With-Profits Committee can take place by conference call or other means provided it meets the quorum requirements and all the participants can communicate effectively. The With-Profits Committee may pass resolutions or make decisions by written procedure and such resolutions and decisions shall be valid when written confirmation (which includes email) has been received from a majority of members sufficient to meet the quorum requirements. Members will be required to provide their signed resolution to the Chair or the secretary.

## 7. Minutes of Meetings

- 7.1. The secretary shall minute the proceedings and decisions of all meetings of the With-Profits Committee, including recording the names of those present and in attendance.
- 7.2. Draft minutes of With-Profits Committee meetings shall be circulated promptly to all members of the With-Profits Committee. Once approved, minutes should be circulated to all other members of the Board.
- 7.3. Full records will be kept of all requests of and material produced by the With-Profits Committee and all significant interactions between the With-Profits Committee and the Board and the ELAS Board.

## 8. Duties

- 8.1. The With-Profits Committee will carry out the duties detailed below for all of the With-Profits Sub-Funds of Utmost Life and Pensions and the UK-Style German business within the ELAS With-Profits Fund, together referred to as the With-Profits Funds.
- 8.2. The With-Profits Committee's responsibilities shall include providing an independent view and oversight on the management and operations of the With-Profits Funds, in particular the adherence of Utmost Life and Pensions to the terms and conditions of the Scheme, and the exercise of any discretion by Management in the operation of the With-Profits Funds.
- 8.3. The With-Profits Committee shall:
  - (a) assess, report on and provide clear advice and constructive challenge and, where appropriate, make recommendations to the Board or the ELAS Board, as appropriate, based on the recommendations and proposals submitted by the With-Profits Actuary and senior executives of Utmost Life and Pensions, including:
    - (i) the way in which each of the With-Profits Funds is managed, including adherence to its relevant Principles and Practices of the Financial Management ("PPFM") and the future distribution of surplus in the With-Profits Funds, paying close regard to Policyholders' reasonable expectations and in keeping with Customer Duty outcomes and Treating Customers Fairly ("TCF") Principles;
    - (ii) the identification of surplus and excess surplus in the With-Profits Funds;
    - (iii) the impact of any proposed or implemented management actions;

(iv) how bonus rates, market value reductions and smoothing have been calculated and applied;

(v) the relative interests of different cohorts of Policyholders in a with-profits fund;

(vi) With-Profits customer communications such as annual Board reports to Policyholders, Policyholder statements and product literature;

(vii) reviewing the investment policies and strategy for the With-Profits Funds (including taking account of the Utmost Life and Pensions approach to Environmental, Social and Governance (ESG) matters), and the provision and performance of investment management services to the With-Profits Funds;

(viii) any proposed changes to either PPFM or the risk or investment profile of the With-Profits Funds;

(ix) relevant management information such as customer complaints data;

(x) the drafting, review, updating of and compliance with any With-Profits management, distribution and run-off plans, court schemes and similar matters;

(xi) the costs incurred in operating the With-Profits Funds, ensuring these are in accordance with the Scheme and the ELAS Transfer, and the fair allocation of such costs between shareholder and Policyholder funds;

(xii) whether Utmost Life and Pensions and ELAS have addressed effectively the conflicting rights and interests of With-Profits Policyholders and other Policyholders or stakeholders including in a way that is consistent with FCA Principle 6 (regarding TCF);

(xiii) considering the requirements of the FCA Consumer Duty and Utmost Life and Pensions' approach to implementing the same, and monitoring ongoing compliance with the Duty in respect of the With-Profits funds;

(xiv) matters that the With-Profits Policyholders might reasonably expect the With-Profits Committee to be involved in;

(xv) Utmost Life and Pensions' and ELAS' responses to regulatory changes affecting the With-Profits Funds;

(xvi) any other issues with which the firm's governing body or the With-Profits Committee considers any proposal; or

(xvii) to close any Utmost Life and Pensions WP Fund to ensure that it is in accordance with the requirements contained in the Scheme.

(b) work closely with the With-Profits Actuary, and obtain his or her opinion and input as necessary;

(c) advise the Board and the ELAS Board on the suitability of candidates proposed for appointment as the With-Profits Actuary; and

(d) assess the performance of the With-Profits Actuary at least annually and report its view to the Board and the ELAS Board.

## 9. Reporting Responsibilities

- 9.1. The With-Profits Committee Chair shall report formally to the Board and ELAS Board on its proceedings after each meeting on all matters within its duties and responsibilities, including how it has discharged its responsibilities.
- 9.2. The With-Profits Committee shall make whatever recommendations to the Board or ELAS Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The With-Profits Committee shall oversee the production annually of the Directors' Report to With-Profits Policyholders for both Utmost Life and Pensions and ELAS, 'describing the With-Profits Committee's work and how it has discharged its responsibilities', and publish this on the websites of both companies.

## 10. Other

10.1. The With-Profits Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the secretariat for assistance as required;
- (b) 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;
- (c) give due consideration to applicable laws and regulations, the guidelines published by the Institute and Faculty of Actuaries, and the requirements of the PRA Rulebook and the FCA Handbook and any other applicable rules, as appropriate;
- (d) work and liaise with as necessary with all other Board committees; and
- (e) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- (f) consider the appointment and termination of the investment managers of the With-Profits Funds.

## 11. Authority

11.1. The With-Profits Committee is authorised to:

- (a) seek any information it requires from any employee of Utmost Life and Pensions in order to perform its duties;
- (b) obtain independent legal, accounting or other professional advice at the expense of the relevant With Profits Fund where it is consistent with the letter and spirit of COBS 20.5.6 and paragraph 2 of Part 3 of Schedule 1 to do so, and otherwise at the expense of the relevant Non-Profits Fund;
- (c) call any employee to be questioned at a meeting of the With-Profits Committee as and when required; and
- (d) have the right to publish in Utmost Life and Pensions' or ELAS's annual report, as

appropriate, details of any issues that cannot be resolved between it and the relevant Board.

## **12. Monitoring Role of the Implementation of the Scheme**

12.1. The With-Profits Committee had, for two years following 1 April 2018 (the effective date of the Scheme), an additional function to support the implementation of the Scheme and adherence to the Principles of Financial Management and the Distribution Plan detailed in the Scheme document.

12.2. The With-Profits Committee has fulfilled these obligations, and any remaining responsibilities under the Scheme sit with the Utmost Life and Pensions Board.

## Appendix: Abbreviations and Definitions

The titles and functions in this document apply to both genders.

<b>Board</b>	Board of Directors of Utmost Life and Pensions Limited
<b>Committee</b>	The Committee to which these Terms of Reference are directed
<b>Company</b>	Utmost Life and Pensions Limited
<b>Director Independence</b>	<p>Independence is defined as the ability to exercise sound judgement and decision making independent of the views of Management, political interests or inappropriate outside interests. In determining Director Independence, the following criteria are to be considered:</p> <ul style="list-style-type: none"><li>(i) Has been an employee of the Company or group within the last five years</li><li>(ii) Has, or has had within the last three years, a material business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company;</li><li>(iii) Has received or receives additional remuneration from the Company apart from a director's fee, participates in the Company's share option or a performance related pay scheme, or is a member of the Company's pension scheme;</li><li>(iv) Whether the individual represents a significant shareholder;</li><li>(v) Holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;</li><li>(vi) Has close family ties with any of the Company's advisers, directors or senior employees; and</li><li>(vii) Has served on the board for more than nine years from the date of their first election.</li></ul>
<b>ELAS</b>	The Equitable Life Assurance Society

<b>the ELAS Board</b>	The Board of Directors of the Equitable Life Assurance Society
<b>the ELAS With-Profits Fund</b>	the with-profits fund created by the transfer scheme between ELAS and Utmost Life and Pensions
<b>FCA</b>	Financial Conduct Authority
<b>Independent Director</b>	Non-Executive Director who satisfies the criteria for director independence
<b>Utmost Life and Pensions</b>	Utmost Life and Pensions Limited
<b>Non-Executive Director</b>	A Director without executive management responsibilities for the institution
<b>PPFM</b>	Principles and Practices of Financial Management – a document that defines the Principles and Practices that the Company follows when managing its With-Profits business. It is approved by the Board of Directors. Each year the Board of Directors will certify that the Fund has been managed in accordance with the PPFM
<b>PRA</b>	Prudential Regulation Authority
<b>RMIS</b>	Reliance Mutual Insurance Society Limited
<b>UK-Style German With-Profits Policies</b>	The UK-Style German business within the ELAS With-Profits Fund
<b>With-Profits Funds</b>	The with-profits funds of both Utmost Life and Pensions and ELAS.
<b>With-Profits Sub-Funds</b>	The with-profits sub-funds of Utmost Life and Pensions, being WPSFs 1, 2, 4 and 6