



**Terms of Reference
Managing Board**

**Last updated
26 September 2018**

1.0 Objective

- 1.1 The Managing Board's objectives are to:
- 1.1.1 Act as guardians of a Police Service asset set up by and for the Police and to safeguard, on behalf of the Police Service, Police Mutual's constitutional purpose, its financial and long term viability and to act in the best interests of members of the Society.
 - 1.1.2 Have due regard and respect for, and to nurture and protect, the relationship with Police forces as the employer of the Police Service and as a fundamental pillar of the Police Mutual affinity model.
 - 1.1.3 Develop and implement the strategic direction of the Police Mutual Group on behalf of the Committee of Management to deliver its constitutional purpose and its strategic Purpose, Vision and Values approved by the Committee of Management. In doing so it will take due account of the expectations of the Committee of Management regarding the overall standards and principles of the Group, relationships with the Police Service and objectives for product and service provision to the Police Family.
 - 1.1.4 Safeguard and develop Police Mutual's investment in its Military affinity business through the delivery of suitable products and services and in doing so provide added benefit to members through, inter alia, economies of scale and increased capital strength that demonstrably provide a net benefit to members and the Police Service. In doing so it will ensure the Military affinity business is run on mutual lines with the same strategic purpose, vision and values as the Police affinity and adopting the same standards of conduct relating to the provision of products and services, the delivery of fair customer outcomes, relationships with the Military and the reputation of the Police Mutual Group.
 - 1.1.5 Have responsibility for the overall conduct and management of the business of the Police Mutual Group ensuring that it operates in accordance with its statutory and regulatory responsibilities. The Chief Executive is responsible under the immediate authority of the Managing Board for the conduct of the whole of the business of the Police Mutual Group.
 - 1.1.6 Ensure that Police Mutual's reputation in the Police Service is upheld in accordance with the expectations of the Committee of Management.

The Committee of Management will express to the Managing Board its view of the aspirations of the Society's membership and the Police Service for the strategic direction of the Police Mutual Group, the provision of products and services and its requirements of Police Mutual's conduct in its relationship with the Police Service. It is the responsibility of the Chief Executive and Managing Board to translate those aspirations so as to design, deliver and operationally control a suitable range of products and services for the Society's members and the Police family.

2.0 Composition

- 2.1 The members of the Managing Board shall be appointed by the Committee of Management. Membership of the Managing Board shall consist of members of the Committee of Management selected by the Committee of Management and employees of the Society selected jointly with the Chief Executive.
- 2.2 All of the non-executive directors on the Committee of Management will be members of the Managing Board together with the Chair of the Committee of Management, each of whom shall be appointed to the Managing Board by the Committee of Management.
- 2.3 The Chief Executive will be a member of the Managing Board, together with such members of his Executive team as he shall jointly select with the Committee of Management.

- 2.4 The Committee of Management will appoint the Chair of the Managing Board. The Chair of the Managing Board should not be the Chair of the Audit Committee or Chair of the Risk Committee.
- 2.5 In the absence of the Managing Board Chair, the remaining members present shall elect one of their number to chair the meeting.
- 2.6 The Company Secretary shall be the Secretary of the Managing Board.
- 2.7 Only members of the Managing Board have the right to attend Managing Board meetings. However other individuals, such as members of the Executive team, may attend meetings at the invitation of the Chair of the Managing Board as and when appropriate. The Chief Risk Officer, the Chief Internal Auditor, the Chief Actuary and members of the Executive team who are not members of the Managing Board will be invited to attend meetings of the Managing Board on a regular basis and other non-members including the With Profits Actuary and the With Profits Committee Chair may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.8 Attendees are not members of the Managing Board and they may collectively or individually be requested to withdraw from meetings of the Managing Board if required to do so by the Chair of the Managing Board.
- 2.9 The Chair of the Managing Board is responsible, supported by the Company Secretary and Chief Executive, for agreeing and setting agenda items and challenging the level of detail and format of Managing Board submissions. Matters reported should be summarised in a way which allows the Managing Board members to understand any key issues.

3.0 Meetings

3.1 Quorum

- 3.1.1 The quorum necessary for the transaction of business shall be two members, which must include a non-executive member and an executive member. A duly convened meeting of the Managing Board 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 Managing Board. A quorum may be present in person or in communication with each other by telephone or video conference. To count in the quorum a person who is in communication with the others by telephone or video conference must be able to hear fully, and participate in, the proceedings.
- 3.1.2 Questions arising at a meeting of the Managing Board will be decided by a majority of votes and (in the event of a tie) the Chair of the meeting will have a second or casting vote unless the issue is material in which case it should be escalated to the Committee of Management for a decision in line with the escalation requirements in section 4.2.13 and 5.0 of these terms of reference.

3.2 Frequency

- 3.2.1 The Managing Board will meet no less than four times in one calendar year. Members of the Managing Board or the Company Secretary may convene the Managing Board at any time. Additional ad-hoc/event-driven meetings may be convened by the Company Secretary at the request of any member of the Managing Board or the Company Secretary.
- 3.2.2 Outside of formal meetings, the Managing Board Chair will maintain a dialogue with key individuals involved in the Police Mutual Group's governance, including the chairs of Managing Board sub-committees, the With Profits Actuary, the Chief Executive, the Chief

Finance Officer and members of the Executive team, the Chief Internal Auditor and the Chief Risk Officer.

3.3 **Notice**

- 3.3.1 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 Managing Board no later than four working days before the date of the meeting. Supporting papers shall be sent to Managing Board members and to other attendees as appropriate at the same time.
- 3.3.2 Ad hoc meetings to deal with unexpected or unusual events may be called at short notice. However, no acts of any meeting of the Managing Board shall be invalid merely because less than four days' notice of any meeting was given.
- 3.3.3 It shall not be necessary to give notice of a meeting of the Managing Board to a Managing Board member who is absent from the United Kingdom.

3.4 **Minutes**

- 3.4.1 The Company Secretary shall keep appropriate records of all meetings with appropriate minutes of the proceedings and resolutions so as to provide evidence that the Managing Board is discharging its responsibilities.
- 3.4.2 Managing Board minutes are to be circulated by the Company Secretary to all members of the Managing Board and to the Committee of Management.

3.5 **Decisions made outside of meetings**

- 3.5.1 The Managing Board may reach decisions outside of meetings in writing (invariably by email) at the discretion of the Chair of the Managing Board, taking into account the materiality and timeliness of the decision required and provided all members of the Managing Board respond to confirm their approval of the decision. In exercising this authority the Chair must balance the need for urgency with the overriding principle that each Managing Board member has a right to participate in the decision and has responsibility for the outcome, should be given as much information as possible, the time to consider it properly and an opportunity to discuss the matter prior to the conclusion of a decision.
- 3.5.2 It shall not be necessary to receive a response for a decision made in writing from a Managing Board member who is absent from the United Kingdom at the time the decision is concluded through the responses of all other Managing Board members.
- 3.5.3 The decision will be valid and effectual as if it had been approved at a meeting of the Managing Board that had been duly convened and held, on the basis that all those entitled to participate in the decision and responsible for the outcome have had the opportunity to consider the matter and confirm their position.
- 3.5.4 Unless the Chair of the Managing Board exercises their discretion otherwise due to time being of the essence, decisions made outside of meetings should be put to members of the Managing Board with at least 5 clear working days' notice to respond.

3.6 **Record keeping**

- 3.6.1 Records of all Managing Board meetings including but not limited to Managing Board packs and minutes will be kept at Alexandra House, Lichfield in hard and soft copy and maintained by the Company Secretary.
- 3.6.2 A copy of any decisions made outside meetings in writing, any supporting documentation provided and all Managing Board member responses will be presented to the next formal meeting of the Managing Board following the decision and noted in the minutes of that meeting as a formal record of the decision.
- 3.6.3 All Managing Board records will be retained in perpetuity.

3.7 **Maintaining Terms of Reference**

- 3.7.1 These terms of reference are reviewed on an annual basis and at any time a change is identified as required. The Managing Board is responsible for this periodic review and submitting any recommended changes to the Committee of Management for approval. The Committee of Management or Company Secretary may also recommend changes to the terms of reference at any time.
- 3.7.2 No changes to the terms of reference may be submitted for approval to the Committee of Management without the prior consideration of the Company Secretary in order that any implications for the Delegated Authority Matrix can be assessed and no amendments are made to the standardised aspects of the terms of reference that apply to all sub-committees without the Company Secretary's approval. The Company Secretary is responsible for executing the required changes and presenting the updated version to the Managing Board for review and to the Committee of Management for approval.
- 3.7.3 The Company Secretary will maintain records of each approved version of the terms of reference for a period of 10 years in line with regulatory requirements for the retention of Governance Map records.

3.8 **Effectiveness & Training**

- 3.8.1 The Managing Board shall arrange for periodic reviews of its own effectiveness and recommend any changes it considers necessary to the Committee of Management. Evaluations may be independently facilitated and an external facilitator will be used at least once in every four years.
- 3.8.2 The Chair of the Managing Board is responsible for ensuring Managing Board members are provided with appropriate and timely training, both in the form of induction arrangements for new Managing Board members and an ongoing basis for all members.

3.9 **Conflicts of Interest**

- 3.9.1 Each member of the Managing Board should consider whether they have any conflicts of interest prior to participating in meetings of the Managing Board and making decisions regarding the business of the Police Mutual Group. In the event an actual or potential conflict of interest exists the Managing Board member should discuss the matter with the Chair of the Managing Board, if and how the conflict should be managed or mitigated, confirm the conclusion of that discussion at the affected meeting and report the conflict to the Chief Risk Officer in order that it can be recorded in the Conflicts of Interest register.

4.0 Duties and matters reserved for the Managing Board

4.1 The overall conduct and management of the business of the Police Mutual Group

The Managing Board is accountable to the Committee of Management for:

- 4.1.1 acting in accordance with the views of the Committee of Management and the aspirations of the Society's membership and the Police Service for the strategic direction of the Police Mutual Group, the provision of products and services to the Police family and its requirements of Police Mutual's conduct in its relationship with the Police Service and the expectations of the Committee of Management regarding the overall standards and principles of the Group and the management of Police Mutual's investment in a Military affinity business;
- 4.1.2 taking into account the views of Delegates in the form of the Society's Force Authorised Officers together with the views of Authorised Officers and members of the Society on their expectations of the strategic direction of the Police Mutual Group, the provision of products and services to the Police family and the relationship with the Police Service and the management of Police Mutual's investment in a Military affinity business;
- 4.1.3 ensuring it conducts the business of the Police Mutual Group in the best interests of members of the Society;
- 4.1.4 having regard to, monitoring and reporting to the Committee of Management on an ongoing basis on the impact on the Society and its members of the number and categories of affiliate members admitted pursuant to the criteria determined by the Committee of Management from time to time, the volume of business conducted by the Society and its subsidiaries with such affiliate members and the membership benefits (if any) extended to them from time to time.
- 4.1.5 leading and embedding a culture that puts fair customer outcomes for members and customers at the heart of its strategy;
- 4.1.6 ensuring that reputation and integrity of Police Mutual in the Police Service and the best interests of members are central to Police Mutual's strategy and decision making;
- 4.1.7 discharging its responsibility for safeguarding an asset of the Police Service in the form of a mutual organisation set up by and for the Police Service to look after the financial and welfare needs of the Police family, the conduct and management of which has been entrusted to financial services professionals in keeping with financial services regulation;
- 4.1.8 oversight of the major risks run by the Police Mutual Group, including those arising from its investment in a Military affinity, and ensuring its long term financial viability in order that it can continue to deliver its constitutional purpose in delivering products and services to members of the Police family;
- 4.1.9 Leading and embedding a culture that ensures employee engagement and wellbeing is integral to acting in the best interests of members of the Society and ensuring fair outcomes for members and customers and monitoring the embedding of Police Mutual Group culture and values through key cultural indicators and reports;
- 4.1.10 the sound and prudent management of the Police Mutual Group affairs delegated to it and setting a culture that supports prudent management, risk awareness and ethical behaviour across the Group;
- 4.1.11 compliance with statutory and regulatory obligations and being open with regulators;
- 4.1.12 sound planning and risk management;

4.1.13 an adequate system of internal control;

4.1.14 adequate accounting and other records.

4.2 Strategy & Management

4.2.1 Development of the Police Mutual Group Purpose, Vision and Values and making recommendations to the Committee of Management for approval;

4.2.2 Approval and oversight of executive implementation of and performance against:

- the Group's strategic objectives and design principles, 3 year strategy and annual business plans including the Group's annual management, non-management and capital expenditure budgets and any material changes to them together;
- the assessment and proposed mitigation of strategic, capital, liquidity, compliance and conduct risks arising from the plans in line with the agreed risk appetite;
- the consistency between the annual business plan & budgets and regulatory capital allocations and the risk objectives and risk appetite limits;
- ensuring that any necessary corrective action is taken or material amendments are approved.

4.2.3 Recommending the Strategic and Business plans to the Committee of Management on the basis that the Managing Board believes they are in the best interest of members and uphold the aspirations and expectations of the Committee of Management, members, Delegates and the Police Service.

4.2.4 Reporting on ongoing performance against those plans to the Committee of Management and any remedial actions.

4.2.5 Acting with due regard for the relationship with the Police Service (a matter reserved for the Committee of Management) that is the fundamental element of the Police Mutual affinity model, the strength and quality of relationships and the reputational risk implications arising from relationships with:

- Police Forces as the affinity employer and to whom the Managing Board is morally accountable as the guardian of a Police asset and who control Police Mutual access to its employees and can influence or respond to Police Mutual's standing and reputation in the Police Service and its ability to operate effectively as an integral part of the Police Service;
- the Force Authorised Officer and Authorised Officer network to whom the Managing Board is constitutionally accountable as the guardian of a Police asset and who influence and control Police Mutual access to Police Service employees and can influence or respond to Police Mutual's standing and reputation in the Police Service and its ability to operate effectively as an integral part of the Police Service;
- other police bodies and representative organisations which influence Police Mutual's standing and reputation in the Police Service and its ability to operate effectively as an integral part of the Police Service.

4.2.6 Oversight of the relationship with the Military, the strength and quality of relationships and the reputational risk implications with Ministry of Defence as the affinity employer, the Army, Navy and Royal Air Force and other military bodies and representative organisations which influence Forces Mutual's standing and reputation in the Military and its ability to operate effectively as an integral part of the Military.

4.2.7 Review of the overarching Brand Propositions for Police Mutual and Forces Mutual prior to their approval by the Committee of Management.

- 4.2.8 As part of the annual business plan and budget, approve Police Mutual Foundation funding levels (but not funding themes) and further review its affordability as a use of the Estate as part of the year end process.
- 4.2.9 As part of the annual business plan and budget process, approve the Military Foundation funding levels (but not funding themes) in the management expense budget.
- 4.2.10 Approval of (starting or ceasing) any business changes or initiatives in the Group that are material strategically, or by reason of size or risk profile, including but not limited to:
- Extension of the activities into new affinity markets or extending existing affinities;
 - Significant processes and procedures;
 - Extensions into new business areas, geographical areas (including offshoring);
 - New propositions, products or services or significant changes to existing propositions, products or services (including add-on products or services);
 - Changes to the terms of contributions and benefits of existing products in the Life Fund or the terms for new products;
 - Appointment or renewal of major providers of products to members and customers of the Group;
 - Projects, programmes or contracts;
 - Outsourcing arrangements;
 - Changes in regulated activities;
 - Regulatory compliance;
 - Ceasing to operate a material part of the Group's business;
 - Acquisition, merger or disposal of corporate entities, joint ventures or other trading assets and including the release of deferred or conditional consideration;
 - Corporate restructures including creation or dissolution of corporate entities, joint ventures or the acquisition, transfer or assignment of other trading or non-trading assets (including property) and outside the remit of the Investment Committee in with a value in excess of £500k or where there is a profit or an unbudgeted loss arising in excess of £250k;

or in the ordinary course of business are above the Chief Executive's limits of authority for capital and revenue expenditure and major contracts and transactions as agreed by the Managing Board and set out in the Group Powers & Authorities Manual. Project and programme spend shall include, but not be limited to, third party supplier contract expenditure as well as internal spend and internal resource costs.

- 4.2.11 Any decision likely to have a material impact on the Group from any perspective, including, but not limited to, conduct, financial, operational, strategic or regulatory.
- 4.2.12 Any matters materially affecting the Group's reputation in the Police Service or the Military.
- 4.2.13 The Managing Board will review and approve the assessment of significant risks including the reputation, conduct, compliance, operational and capital implications and any mitigations to ensure the business change or initiative, subject matter or decision, accords with the Managing Board's risk requirements and that risks are appropriately assessed and mitigated within risk appetite. This review will include the receipt of Independent Risk Reviews from the Chief Risk Officer on the basis set out in the Group Risk Function Mandate.
- 4.2.14 The Managing Board will agree what ongoing oversight and reporting is required for each such business change or initiative.
- 4.2.15 **Any changes or initiatives, matters or decisions in 4.2.10 to 4.2.13 that relate to:**
- **the provision of products or services to members;**
 - **Police Mutual's relationship with or reputation in the Police Service;**

- **the overall values, principles and culture of the organisation;**
- **and could have an impact on the interests of members or the Police Service;**
- **the performance of Police Mutual's investment in a Military affinity.**

must be referred to the Committee of Management for consideration and approval of implications for member and Police Service interests, reputation in and relationship with the Police Service. Before recommending them to the Committee of Management for approval the Managing Board must satisfy itself that it can demonstrate how such changes or initiatives are in the best interests of members.

- 4.2.16 Receiving assurance from the Risk Committee to discharge its responsibility for ensuring the design and operation of the Group's conduct risk framework is demonstrably ensuring fair customer outcomes for customers, including new and long standing customers and customers of products which are no longer open to new business, through the identification and management of conduct risks and adequately considers and evidences the consideration of regulatory requirements.
- 4.2.17 Receiving assurance from the Risk Committee to discharge its responsibility for monitoring and managing the delivery of fair customer outcomes against conduct risk metrics which, together with approving any remedial actions where those outcomes are outside the risk appetite set by the Managing Board, ensuring such monitoring and management is evidenced and documented.
- 4.2.18 Oversight of the Group's operations, operating plans and key performance indicators.
- 4.2.19 Oversight of the performance of major providers of products to members and customers of the Group for which the Group acts as introducer ensuring that the arrangements continue to operate within the risk objectives and appetites set by the Managing Board and are delivering fair outcomes for members and customers.
- 4.2.20 Oversight of product performance across the Group including investment performance to ensure all products are operating within risk appetite and delivering fair outcomes for members and customers.
- 4.2.21 Oversight of the performance of material 'business partners', suppliers or affiliations of the Group including any outsourced or offshore service providers (excluding investment managers) to ensure all material business partners are operating within risk appetite and delivering fair outcomes for members and customers.
- 4.2.22 Oversight of the performance of any trading or non-trading assets material strategically, or by reason of size or risk profile to ensure that they are operating within risk appetite.

4.3 **Capital & Liquidity**

- 4.3.1 Approval of the approach for determining solvency, regulatory and risk based capital requirements on the recommendation of the Risk Committee.
- 4.3.2 Approval of the basis assumptions and methodology for actuarial valuations and capital measurements on the recommendation of the Audit Committee and reviewing the Pillar 1 valuation results. Approval of significant changes in methodology or assumptions which the regulatory reports contain based on the recommendation of the Audit Committee with regard to Pillar 1 reporting and the Risk Committee with regard to Pillar 2 reporting.
- 4.3.3 Review and approval of material risk and capital reports such as the:
 - Solvency & Financial Capital Requirement (SFCR) annually on the recommendation of the Audit Committee

- Regular Supervisory Report (RSR) every 3 years on the recommendation of the Risk Committee; and
 - Own Risk Solvency Assessment (ORSA) report annually on the recommendation of the Risk Committee.
- 4.3.4 Approval of the on-going appropriateness of the Standard Formula and other adopted models on the recommendation of the Risk Committee.
- 4.3.5 Approval of objectives relating to quality, quantity & liquidity of capital and the short, medium and long term capital management plans to achieve those objectives within risk appetite including any relevant run-off plans on the recommendation of the Risk Committee.
- 4.3.6 Approval of the allocation of capital to products and subsidiaries to deliver the business plan ensuring they are consistent with risk appetite limits and adjusted as risk exposures might change in line with business performance and/or market conditions on the recommendation of the Risk Committee.
- 4.3.7 Approval of the policy for investment of capital from the Estate, the charging of non-management expenses to the Estate and other uses of the Estate or the distribution of surpluses such as member benefits and make recommendations to the Committee of Management for approval regarding the use of Estate for the benefit of members of the Society or the distribution of surpluses.
- 4.3.8 Approval of changes that affect the cost of investment in a subsidiary or capital distributions from a subsidiary or changes in subsidiary capital reserves.
- 4.3.9 Approval and oversight of any borrowing facilities or lending facilities with bodies corporate and receiving assurance from the Risk Committee that the inherent risks including capital, liquidity, credit, regulatory and operational and compliance implications are properly understood and appropriately mitigated in line with risk appetite.
- 4.3.10 Approval of proposals for the distribution of bonuses to With Profits Policyholders on the recommendation of the With Profits Actuary.
- 4.3.11 Receiving a report from the Chief Actuary setting out their opinion of the adequacy of Police Mutual's reinsurance arrangements in the Life Fund.
- 4.3.12 Receiving a report from the Chief Actuary setting out their opinion of the adequacy of Police Mutual's overall underwriting policy for the Life Fund (covering the whole the pricing process).
- 4.3.13 Receiving a report from the Chief Actuary on the impact of writing new business in the Life Fund.
- 4.3.14 Review and approval of the annual assessment of strategic investments in the Life Fund.
- 4.4 **Financial Management**
- 4.4.1 Approval of Police Mutual's Principles and Practices of Financial Management (PPFM).
- 4.4.2 Approval of the expense allocation methodology on the recommendation of the Audit Committee.
- 4.4.3 Approval of the product allowance methodology, and reviewing any capital or conduct risks implications and their mitigation and that they are within risk appetite.
- 4.4.4 Approval of the product pricing policy for the Group and reviewing any capital or conduct risk implications and their mitigation and that they are within risk appetite.

- 4.4.5 Considering and reporting to with-profits policyholders and the FCA on the Managing Board's exercise of discretion in the conduct of with-profits business and compliance with the PPFM. In doing so consideration will be given to the interests and fair treatment of with-profits customers.
- 4.4.6 Seeking advice from the With-Profits Actuary on key aspects of the discretion to be exercised affecting the with-profits business of the Society and considering the annual report to the Board from the With-Profits Actuary on the exercise of this discretion.
- 4.4.7 Approval of any intercompany loans or letters of support, parent company guarantees, the purchase of shares and dividend payments by subsidiaries; the giving of security over any of the Group's assets or granting of guarantees and indemnities, other than those issued in the ordinary course of operational business.
- 4.4.8 Approval of new, amended, cancelled, disposed or renewing leases in the Group in excess of management expense budget assumptions.
- 4.4.9 Approval of refurbishment costs for leased or purchased property in the Group in excess of management expense budget assumptions.

4.5 **Financial Reporting**

- 4.5.1 Reviewing the annual report and accounts including the directors' report, strategic report business review and viability statement prior to submission to the Committee of Management for final approval.
- 4.5.2 Approval of significant financial reporting issues and judgements which the annual report and accounts contain based on the recommendation of the Audit Committee.

4.6 **Investment Management**

- 4.6.1 Approval of an investment strategy including investable asset classes on the recommendation of the Investment Committee ensuring the risks including capital, liquidity, market, credit, regulatory, operational and conduct implications are properly understood and appropriately mitigated in line with risk appetite and policyholder expectations.
- 4.6.2 Monitoring investment performance against the approved investment strategy.

4.7 **Risk Governance & Internal Controls**

- 4.7.1 Approval and oversight of well-articulated and measurable Risk Objectives and Risk Appetite statements for the Group (expressed in terms that are readily understood by employees across the Group) that are integral to the strategy and against which key business decisions can be assessed and actual and prospective risks can be monitored and controlled.
- 4.7.2 Approval of recommendations from the Risk Committee on the appropriateness of the Enterprise Risk Management Framework, its embeddedness and the promotion and strengthening of a risk aware culture.
- 4.7.3 Receiving an annual report from the Chief Risk Officer reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives and form the basis of appropriate statements for inclusion in relevant annual reports.
- 4.7.4 Receiving an annual report from the Whistleblowing Champion on the operation and effectiveness of the Police Mutual Group's systems and controls in relation to whistleblowing. The report must maintain the confidentiality of individual whistleblowers.

4.8 **Corporate Governance**

- 4.8.1 Undertaking a formal and rigorous annual review of its own performance, that of its sub-committees and individual chairs and non-executive directors and the division of responsibilities and report to the Committee of Management with recommendations for any improvement to the Managing Board terms of reference.
- 4.8.2 Receiving the results of the effectiveness reviews of Managing Board sub-committees.
- 4.8.3 Review a report from the With Profits Committee annually on the performance of the With Profits Actuary.
- 4.8.4 Approving the appointment and termination of the services of the With-Profits Actuary.
- 4.8.5 Reviewing the Corporate Governance Report prior to submission to the Committee of Management.
- 4.8.6 Reviewing the Directors' Remuneration Report prior to submission to the Committee of Management.
- 4.8.7 Approval of the terms of reference of Managing Board sub-committees and for subsidiary boards.
- 4.8.8 Approval of the membership and chairs of Managing Board sub-committees.
- 4.8.9 Reviewing the division of responsibilities between the Chairman and Chief Executive and recommending them for approval to the Committee of Management.
- 4.8.10 Approval of the delegation of authorities to the Chief Executive from the Managing Board. The Managing Board expects that the Chief Executive will institute a system of committees and, when considered necessary, sub-committees to act as part of the overall risk, control and review framework of the Group. The Chief Executive will report to the Managing Board of any significant changes to the composition of these committees and/or their terms of reference in order to ensure that the operation of these committees remains within the scope of the responsibilities of the Chief Executive and Managing Board.

4.9 **Other**

- 4.9.1 Exercise the powers of the Committee of Management laid down in rule 16 'Pension and other schemes' of the Society's Memorandum and Rules dated 1 May 2015 and as amended from time to time thereafter.
- 4.9.2 Approval of changes in the Trust Deed and Rules of the Staff Pension Fund, changes of Trustee, the appointment of the Chair of the Trustee, changes in the investment strategy or funding arrangements and other decisions relating to the Staff Pension Fund or PMAS Nominees Limited when these are subject to the approval of the Society.
- 4.9.3 Approval of the Modern Slavery public statement for publication on the Police Mutual website.
- 4.9.4 Approval of the prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism where costs are expected to be greater than £100k or the subject matter or outcome is otherwise material to the interests of the Group.

5.0 Reporting and Escalation

5.1 Reporting

5.1.1 The Managing Board has an agenda schedule which sets out the reports received for each meeting. Regular reporting includes:

- Chief Executive Report
- Chief Finance Officer Report
- Monthly MI on business performance for the Group
- Monthly investment performance, pay-out and capital update and solvency estimator and MI
- Integrated Marketing plans for the Group
- Operational updates for the Group
- Employee engagement survey results for the Group
- Sub-committee minutes and reports including:
 - Audit Committee
 - Risk Committee
 - Investment Committee
 - With Profits Committee
 - Remuneration Committee
 - Sub-committee membership

5.1.2 In addition, the Managing Board receives ad hoc and event driven reports, including Independent Risk Reviews, on key projects, business change and developments.

5.1.3 The Chair of the Managing Board shall report its proceedings to the Committee of Management and attend general meetings prepared to respond to any questions on the Managing Board's activities. The results of the above reporting will form the basis of reporting to the Committee of Management as to whether the aspirations and expectations of the Committee of Management, the Society's membership and the Police Service have been met.

5.1.4 The Managing Board shall make whatever recommendations it deems appropriate to the Committee of Management on any area within its remit where action or improvement is needed.

5.1.5 The Committee expects that the Managing Board will institute a system of committees and, when considered necessary, sub-committees to act as part of the overall risk, control and review framework of the Group. The Managing Board will report to the Committee of Management on any significant changes to the composition of these committees and/or their terms of reference in order to ensure that the operation of these committees remains within the scope of the responsibilities of the Managing Board.

5.2 Escalation

5.2.1 The Managing Board will escalate, to the Committee of Management any decision or action required which is in excess of authority limits allocated to it or as set out in section 4.2.13 of these terms of reference and any other issue which the Managing Board deems material and or escalation is required in order for the Managing Board and the Committee of Management to effectively exercise their duties.

5.2.2 The Managing Board sub-committees, the Chief Executive and the Chief Finance Officer will escalate, to the Managing Board any decision or action required which is in excess of authority limits allocated to the individual or sub-committee and any other issue which is

deemed material and or escalation is required in order for the Managing Board to effectively exercise its duties.

6.0 Authority

- 6.1 The Managing Board is authorised by the Committee of Management, when the fulfilment of its duties requires and at the Society's expense, to obtain independent legal or professional advice and secure the attendance of external advisers at its meetings on any matters within its terms of reference. The Managing Board shall have full authority to commission any reports or surveys it deems necessary to help fulfil its obligations.
- 6.2 The Managing Board is authorised by the Committee of Management to seek any information it requires from any employee of the Society or its subsidiaries in order to perform its duties.
- 6.3 The Managing Board is authorised to call any officer or employee to be questioned at a meeting of the Managing Board.
- 6.4 The Managing Board shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 6.5 The delegations set out in the duties of the Managing Board and the duties allocated to other sub-committees are also set out in the Delegated Authority Matrix which provides an aggregated picture of the delegation of authority to all corporate committees and the individuals to which those committees have in turn delegated specific responsibilities.