

FAMILY ASSURANCE FRIENDLY SOCIETY LIMITED ('ONEFAMILY')

BOARD OF DIRECTORS

TERMS OF REFERENCE

(as adopted by the Society's board of directors on 5 June 2018)

1 Purpose

- 1.1 Family Assurance Friendly Society Limited (the "Society") is a registered Friendly Society and the Board of Directors of the Society (the "Board") is the Society's main governing and decision making body for OneFamily at Group level.
- 1.2 The Board is responsible for protecting member value whilst managing the Society in members' best interests.
- 1.3 The Board considers strategic issues and risk. It has overall responsibility for management of the business and affairs of the Group, the establishment of Group strategy and managing its capital.
- 1.4 The Board monitors and oversees the Group's operations, ensuring competent and prudent management, sound planning, proper procedures for the maintenance of adequate accounting and other records and systems of control, and for compliance with statutory and regulatory obligations.
- 1.5 The Board is collectively responsible to the members of the Society for the long term success of the organisation, exercising all its powers (subject to any relevant laws and regulations and in accordance with the Society's Rules). In particular, the Board will take into account the Directors' duties contained in the Companies Act 2006.

2. RESPONSIBILITIES

The Board is responsible for:

- 2.1 Reviewing, approving and guiding corporate strategy, major plans of action, risk appetite and policies, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and disposals;
- 2.2 Monitoring the effectiveness of the Company's governance arrangements and practices, making changes as needed to ensure the alignment of the Company's governance framework with current best practices;
- 2.3 Ensuring that appointments to the Board or its Sub-Committees are effected in accordance with the appropriate governance process;
- 2.4 Monitoring and managing potential conflicts of interest of management, Board members, shareholders, external advisors and other service providers, including misuse of corporate assets and abuse in related party transactions; and
- 2.5 Overseeing the process of external disclosure and communications.
The Board is also responsible for all other matters of such importance as to be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences.

A formal schedule of matters reserved to the Board is in place.

3. MEMBERS

The Board of Directors.

4. ATTENDEES

Non-members may be invited to attend meetings at the Chairman's discretion.

5. CHAIRMAN

The Board shall appoint the Chairman of the Company, upon the recommendation of the Board Nominations Sub-Committee.

Board meetings will be chaired by the Chairman or, in her absence, the Deputy Chairman or a chairman appointed by the meeting.

6. QUORUM

The quorum for a valid meeting is at least two Directors, as set out in the Rules of the Society.

7. SECRETARY

The Board shall appoint the Secretary.

The Secretary or, in his or her absence, his nominated alternate will attend all Board Meetings.

8. MINUTES

The Secretary of the Board shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance. Draft minutes of Board meetings shall be circulated promptly to all members of the Board.

9. NOTICE AND FREQUENCY OF MEETINGS

The Board should meet sufficiently regularly to discharge its duties effectively. The Board shall meet with such frequency and at such times as it may determine. It is expected that the Board shall meet at least nine times per year, including meeting for an annual Strategy Day.

Meetings of the Board shall be called by the Secretary at the request of any of its members. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Board no later than five calendar days before the date of the meeting. These will be provided to all Directors whether or not they are able to attend the meeting.

10. CHANGES TO THE TERMS OF REFERENCE

Changes to the Board's Terms of Reference must be approved by the Board.