TERMS OF REFERENCE

The Royal London Mutual Insurance Society Limited

With-Profits Committee

(the 'Committee')

The Royal London Mutual Insurance Society Limited

With-Profits Committee terms of reference

1 Role

1.1 The role of the Committee is to support and advise the board of directors (the 'Board') of The Royal London Mutual Insurance Society Limited (the 'Company'), together with its subsidiaries (the 'Group'), in managing with-profits funds and to consider the interests of all policyholders with an entitlement to a share in the profits of the Group (with-profits and unit-linked with-profits policyholders, together referred to as ('with-profits policyholders')), to exercise judgement in advising the Board on the achievement of fair treatment of those with-profits policyholders, and to fulfil its obligations under Court Schemes.

1.2 The Committee operates in accordance with the requirements of the Financial Conduct Authority's Conduct of Business Sourcebook ('COBS'), section 20.5, and Principles for Business ('treating customers fairly', 'effective management and control', 'communicating with customers', 'managing conflicts of interest' and 'act to deliver good outcomes for retail customers').

2 Membership

2.1 The Committee shall comprise at least five members, the majority of whom shall be independent members. At least one independent member of the Committee shall be a Fellow of the Institute and Faculty of Actuaries and at least two members of the Committee shall have relevant experience in the conduct of with-profits business and the fair treatment of with-profits policyholders.

2.2 Appointments to the Committee shall be made by the Board on recommendation by the Nominations and Governance Committee.

2.3 The Board shall appoint the Committee Chair. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the Committee meeting.

2.4 Only members of the Committee have the right to attend Committee meetings. Other individuals may be invited by the Committee Chair to attend all or part of meetings.

3 Secretary

3.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.

4 Quorum

4.1 The quorum for a Committee meeting shall be three members, two of whom shall be independent members together with one member who is not independent.

4.2 The Committee may consider and decide matters by email, or by a written resolution which shall be recorded by the Secretary.

5 Frequency of meetings

5.1 The Committee shall meet at least four times a year.

6 Notice of meetings

6.1 Committee meetings shall be called by the Secretary at the request of the Committee Chair or of the With Profits Actuary ('WPA').

6.2 Unless otherwise agreed with the Committee Chair, notices of meetings confirming the venue (or medium), time and date together with the agenda and supporting papers shall be sent to each member of the Committee.

7 Minutes of meetings

7.1 The Secretary shall minute the proceedings and resolutions of meetings, including recording the names of those present and in attendance.

7.2 Draft minutes of Committee meetings shall be circulated promptly to the Committee Chair and subsequently to the Committee for approval.

8 Duties

8.1 Advice to the Board

8.1.1 Produce an annual report giving the Committee's opinion and reasoning on whether or not the Company has complied with its obligations relating to the Principles and Practices of Financial Management ('PPFM').

8.1.2 Provide an opinion on any material discretionary actions with regards to with-profits funds (having taken into account the opinion of the WPA). This will include providing advice on with-profits bonus and ProfitShare recommendations and providing an opinion on mergers of, or transfers into/out of, with-profits funds.

8.1.3 Make recommendations on the suitability of candidates proposed for appointment as the WPA and annually, assess the effectiveness of the WPA, making recommendations where required for training or removal.

8.2 Advice to the Investment Committee

8.2.1 Consider and comment on significant investment matters which the Committee Chair (having taken advice from the WPA) determines might constitute a significant change to the risk or investment profile of a with-profits fund, those that are not in line with the PPFM, or those where a new or significant potential conflict of interest has been identified. This should include any significant changes to the Strategic Asset Allocations for all with-profits funds.

8.3 Other duties

8.3.1 Assess and provide clear advice, independent opinion and oversight to the Board or management as required on the following matters that affect with-profits policyholders as outlined in COBS 20.5.3R:

8.3.1.1 The way each with-profits fund is managed, including all material matters affecting the interests of with-profits policyholders such as setting bonus rates, apportioning charges, determining asset shares, management of excess surplus and distribution policy, and any run-off plan or major transactions. For this purpose, a 'major transaction' means a transaction of a scale which the Company would reasonably expect to require a formal opinion from the WPA.

8.3.1.2 Compliance with the PPFM for each with-profits fund and annually review any changes to the PPFM to ensure that the PPFM accurately reflects how the Long Term Business Fund is managed.

8.3.1.3 Whether the interests of with-profits policyholders, and the respective interest of groups of with-profits policyholders (including conventional, unitised and unit-linked), are fairly reflected in the management of the funds and PPFM. This will include considering the treatment of any conflicts of interest that may arise between different groups of with-profits policyholders, between with-profits policyholders and the Company and between with-profits policyholders and the members of the Company.

8.3.1.4 Maintenance of a specific list of matters for consideration to ensure the Committee's role is discharged. At a minimum, this will include those matters outlined in COBS 20.5.3R (2)b (see Appendix).

8.3.2 Comment to management on all material communications and literature to be provided by the Company to with-profits policyholders to ensure that they meet the 'clear, fair and not misleading' requirement.

8.3.3 Monitor and provide comments to management on whether new and existing with-profits products will meet or continue to meet respectively the expectations of customers, drawing at least semi-annually on a review of complaints.

8.3.4 Review quarterly updates from the Group Investment Office, including notification of all investment (and hedging) decisions that impact on the with-profits funds.

8.3.5 Any other matter in which it might reasonably be expected that the Committee should have involvement.

9 Reporting

9.1 The Committee Chair shall update the Board on the Committee's proceedings after each meeting.

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.

10 Other matters

10.1 The Committee will assume supervisory duties in respect of the Royal London (CIS) Sub-Fund, as set out in the Scheme of Transfer approved on 9 December 2014.

10.2 The Committee will have access to sufficient resources and information from the Group to carry out its duties.

10.3 The Committee will be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

10.4 The Committee is authorised to obtain, at the Company's expense, external actuarial and other professional advice on any matter within its terms of reference.

10.5 The Company will provide the Committee with information in a timely manner to allow the Committee to carry out its responsibilities and for the Committee to have sufficient time to provide fully considered advice.

10.6 The Committee shall review its performance against its terms of reference and recommend any changes to its terms of reference to the Board for approval on an annual basis.

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Appendix

List of matters for consideration (from COBS 20.5.3R (2)(b))

i. the identification of surplus and excess surplus, the merits of its distribution or retention and the proposed distribution policy;

ii. how bonus rates, smoothing and, if relevant, market value reductions have been calculated and applied;

iii. if relevant, the relative interests of policyholders with and without valuable guarantees;

iv. the firm's 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 with-profits policyholders in addition to the annual report made by a firm;

v. any significant changes to the risk or investment profile of the with-profits fund including the management of material illiquid investments and the firm's obligations in relation to strategic investments;

vi. the firm's strategy for future sales supported by the assets of the with-profits fund and its impact on surplus;

vii. the impact of any management actions planned or implemented;

viii. relevant management information such as customer complaints data (but not necessarily information relating to individual customer complaints);

ix. the drafting, review, updating of and compliance with run-off plans, court schemes and similar matters; and

x. the costs incurred in operating the with-profits fund.