

# Aviva Life UK With Profits Committee ('WPC') Terms of Reference

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Approved by the Board of Aviva Life & Pensions UK Limited  
Effective from 29 March 2019

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## Terms of Reference

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# Terms of reference

## 1. Purpose of the Committee

The purpose of the With Profits Committee ('the Committee') is to provide independent oversight and challenge to Aviva Life & Pensions UK Limited ('UKLAP') and its subsidiary Aviva Life & Pensions Ireland Designated Activity Company ('ALPI DAC') to ensure that fairness and with-profits customers' interests are appropriately considered in the governance structures and decision making processes and to fulfil the roles and responsibilities reserved for the Committee in court schemes to which UKLAP and ALPI DAC ('the Companies') are subject.

The Committee advises the Board of UKLAP ('the UKLAP Board') and the Head of Actuarial Function ('HoAF'), for ALPI DAC, on issues which affect with-profits policyholders as a whole, or particular groups of policyholders, taking with-profits customers' interests into account, particularly in changing circumstances. If recommendations or challenges are made by the Committee, the UKLAP Board or HoAF will give them full consideration. The Committee is also consulted before certain decisions are made by the Companies' Boards to ensure:

- UKLAP manages its With-Profits Sub-Funds ('WPSFs') and ALPI DAC manages its Irish With-Profits Fund ('Irish WPF') in line with their stated aims; and
- any changes which impact on policies invested in the WPSFs and the Irish WPF are fair to both new and existing customers.

The WPSFs and the Irish WPF are together referred to as the with-profits sub-funds for the remainder of this document.

Following the Scheme approved by the High Court in 2019, and effective from 29 March 2019 certain policies transferred from UKLAP to its Irish subsidiary ALPI DAC.

There are a number of regulatory differences between the UK and Ireland, with regard to with-profits policyholder protections. For example, there is no regulatory requirement for a With Profits Committee ('WPC') in Ireland. However, Aviva decided to make it a Scheme requirement that there should be a WPC to ensure no material adverse impact on policyholder protections. as a result of the Scheme.

The Committee retains the responsibility for these transferring policies within ALPI DAC, but has not taken on responsibility for the existing with-profits funds of ALPI DAC.

The Committee is intended to be run consistently across the Companies.

The purpose of the Committee is not to deal with individual customer complaints or take management decisions with respect to WPSFs or the Irish WPF.

## 2. The Scope and Role of the Committee

### 2.1 Scope

The Committee is responsible for the oversight of the management of all of the WPSFs of UKLAP, including those policies reinsured into UKLAP from ALPI DAC, and of the annual report to policyholders of non-profit sub-fund WPSF 5.

Within ALPI DAC, the Committee is responsible for the supporting the HoAF in the oversight of the management of the ALPI DAC Irish With-Profits Fund only.

In addition, within ALPI DAC, the HoAF will need to be satisfied that the policies transferred under the Scheme and reinsured back to UKLAP are appropriately managed in line with their respective UKLAP PPFMs. Committee oversight of these policyholders is retained through its continued role in respect of the UKLAP funds.

Oversight of UKLAP's contract-based workplace pension schemes rests primarily with the Independent Governance Committee but the Committee will also consider matters affecting with-profits policyholders in UKLAP and those transferred under the Scheme approved in 2019 to ALPI DAC.

### 2.2 Role

The role of the Committee is to assess, report on, and provide advice and recommendations to the UKLAP Board or HoAF for ALPI DAC on:

- 2.2.1 the way in which each with-profits sub-fund is managed and whether this is properly reflected in the Principles and Practices of Financial Management ('PPFM');
- 2.2.2 compliance with the terms of the court schemes that apply and with principles and practices set out in the PPFM;
- 2.2.3 whether the conflicting rights and interests of with-profits policyholders and other policyholders or stakeholders including shareholders have been addressed in a way that is consistent with the Financial Conduct Authority's ('FCA')

Principle 6<sup>1</sup> (guidance on the fair treatment of customers);

- 2.2.4 any other issues with which the UKLAP Board, the ALPI DAC Board, the HoAF or the Committee might reasonably expect the Committee to be involved.

The role of the Committee also includes consideration of UKLAP's management of the Re-attributed Inherited Estate External Support Account ('RIEESA') which is allocated to the Non-Profit Sub-Fund including its investment, capital support arrangements for other WPSFs, and release of funds in the RIEESA to shareholders.

### 3. Committee Key Tasks and Responsibilities

#### 3.1 Key tasks

The Committee will decide on the matters it will consider in order for it to be able to carry out its role as described in 2.2 above. To do so the Committee will give appropriate consideration to the following non-exhaustive list of matters:

- 3.1.1 the identification and extent of each with-profits sub-fund, with particular regard to whether a part of any sub-fund constitutes a separate with-profits sub-fund.
- 3.1.2 proposals for bonuses, including the application of smoothing, use of the estate and changes which impact with-profits business;
- 3.1.3 the identification of surplus and excess surplus in the with-profits sub-funds and the merits of its distribution versus retention and the proposed distribution policy;
- 3.1.4 any significant changes to the risk/investment profile of the with-profit sub-funds – including the management of material illiquid investments and obligations in relation to strategic investments;
- 3.1.5 the management of the investments of each with-profits sub-fund and changes in investment policy or mandates.
- 3.1.6 the level and allocation of expenses to with-profits sub-funds, including changes to the level or operation of the Management Services

Agreements or Memorandum of Understanding, for ALPI DAC, affecting with-profits business;

- 3.1.7 the level of guarantee charges to be applied to asset shares and the interests of policyholders with and without such guarantees;
- 3.1.8 any proposals in relation to the calculation of surrender values, including the application of Market Value Reductions;
- 3.1.9 the drafting, review, updating of and compliance with court schemes, run off plans and similar matters;
- 3.1.10 any significant transactions that may affect the balance of policyholder and shareholder interests;
- 3.1.11 with-profits customer communications e.g. product literature and annual bonus notices. The Committee may make a statement or report to policyholders in addition to the annual report made by the Companies;
- 3.1.12 the future sales strategy supported by the assets of the open with-profits sub-funds and its impact on surplus;
- 3.1.13 the impact on policyholders of any management actions in relation to the with-profits sub-funds and the appropriateness of any management actions assumed in setting technical provisions or solvency capital requirements;
- 3.1.14 relevant management information such as customer complaints data (but not in relation to individual complaints);
- 3.1.15 the Companies' solvency risk appetites and their impact on security of policyholder benefits; and
- 3.1.16 any support arrangements, with particular regard to their use and purpose and the terms under which support assets are available to each with-profits sub-fund and have been documented and communicated.

In respect of 3.1.2 and 3.1.4 in particular, the Committee should have regard to the justification for any differences between the FLC Old With-Profits Sub-Fund and the FLC New With-Profits Sub-Fund.

The Committee will also consider whether the need for financial support for the FLAS, FLC New, FLC Old, FP and WL WPSFs has been regularly assessed in accordance with the 2017 Scheme.

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<sup>1</sup> For ALPI DAC, reflecting the regulation at the point of transfer, 29 March 2019.

## 3.2 Key Responsibilities

Without prejudice to its over-riding responsibility to decide which matters it will consider, the Committee will:

- 3.2.1 assess how far the FCA's Principle 6<sup>2</sup> (guidance on the fair treatment of customers) is embedded in the decision making for with-profits Policyholders;
- 3.2.2 provide an independent assessment of compliance with the PPFM and comment on any proposed changes to the PPFM and other relevant customer literature;
- 3.2.3 provide an independent assessment of compliance with court schemes;
- 3.2.4 provide UKLAP and ALPI DAC with annual reports on compliance with the PPFM and the court schemes and on any other matters the Committee thinks appropriate or UKLAP or ALPI DAC has specified;
- 3.2.5 provide oversight in relation to the Companies' supervision of their outsourced investment management arrangements for the with-profits sub-funds;
- 3.2.6 at a high level only, consider the investment management arrangements, general investment strategy and the relative investment performance of the with-profits sub-funds;
- 3.2.7 request that the Companies review changes to the practices and procedures of their management of the with-profits business that are proposed by the Committee;
- 3.2.8 give a view on proposed changes to the with-profits business;
- 3.2.9 request UKLAP investigate matters where the Committee or the With-Profits Actuary ('WPA') has raised a concern;
- 3.2.10 request ALPI DAC or the HoAF investigate matters where the Committee has raised a concern in relation to the Irish WPF;
- 3.2.11 work closely with, and obtain input from, the WPA and the HoAF in discharging its responsibilities according to these Terms of Reference;
- 3.2.12 communicate directly (if the Committee, having consulted the HoAF in the case of ALPI DAC, thinks it is appropriate) with the policyholders or any group of them;

3.2.13 give views on any of the above responsibilities informally, or formally, where the Committee considers this to be appropriate;

3.2.14 liaise directly (if the Committee thinks it is appropriate) with industry and consumer groups;

3.2.15 undertake a Continuing Professional Development (CPD) programme to ensure Committee members have the up to date knowledge and capabilities to discharge their responsibilities;

3.2.16 advise UKLAP on the suitability of candidates proposed for the role of WPA; and

3.2.17 assess the performance of the WPA and the HoAF no less than annually, reporting its assessment to the relevant Company's Board.

## 3.3 Key Factors in the Committee's consideration of fairness

In carrying out its role and in assessing fairness the Committee will consider all relevant issues and information including practicalities and in particular:

3.3.1 the rights, interests or reasonable expectations of different classes and generations of with-profits policyholders;

3.3.2 the exercise of any discretion applied in the conduct of with-profits business;

3.3.3 the way in which any competing or conflicting rights, interests or reasonable expectations of policyholders (or groups of policyholders) and shareholders have been addressed;

3.3.4 FCA and Prudential Regulation Authority ('PRA') rules or guidance for UKLAP, and CBI rules or guidance for ALPI DAC, and the terms of the court schemes and the PPFM;

3.3.5 seek input from the HoAF in respect of Irish regulations where necessary; and

3.3.6 any other issues the with-profits policyholders might reasonably expect the Committee to scrutinise.

## 3.4 The Committee and the Companies

In carrying out its role, the Committee will develop and maintain an effective working relationship with the Companies, and in particular:

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<sup>2</sup> For ALPI DAC, reflecting the regulation at the point of transfer, 29 March 2019.

- 3.4.1 may obtain external actuarial, legal or other independent professional advice where reasonably required at the expense of the appropriate company, the consent of the Boards not to be unreasonably withheld. The Committee may request that the cost of such advice is not charged to any with-profits sub-fund.
- 3.4.2 has the power to require access to employees of the Aviva group and all information the Committee reasonably considers necessary to discharge its responsibilities;
- 3.4.3 the Chairman may request a meeting with the UKLAP Board or the ALPI DAC Board in connection with any matter within the Committee's Terms of Reference, such meeting to be held within 60 days;
- 3.4.4 will reply to any questions put to it by the Companies within a reasonable time, and will try to do so within 30 days of receiving the request;
- 3.4.5 The Companies may request the Committee to meet at short notice on an occasion other than a scheduled date. At least 14 days notice of the request will normally be given, but the Committee will try to do so within 30 days of receiving the request;
- 3.4.6 in discharging its responsibilities, the Committee is entitled to rely on the quality of data provided to it by the Companies in the absence of manifest error;
- 3.4.7 UKLAP will ensure that any person appointed as a member of the Committee has the appropriate skills, knowledge and experience to enable him/her to exercise independent judgement and challenge to the Companies in relation to the management of the with-profits business;
- 3.4.8 UKLAP will consult with the Chairman, the WPA and the HoAF on an appointment of a member to the Committee;
- 3.4.9 UKLAP will consult with the Chairman on the appointment of the Secretary to the Committee;
- 3.4.10 in respect of any complaint, enquiry, investigation or disciplinary proceedings from the FCA, PRA, CBI or any other body with jurisdiction over the with-profits sub-funds, the relevant Company will ensure that the details are promptly submitted to the Committee, and the WPA or the HoAF;
- 3.4.11 in respect of a decision by the UKLAP Board to depart in any material way from the advice or recommendation of the Committee, UKLAP will set out fully its reasons and allow the Committee a reasonable period to consider them and respond. If, having considered the reasons

presented, the Committee considers that the issue is sufficiently significant it may request that the UKLAP Board inform the FCA. If the Committee wishes to escalate an issue further, it may also notify the FCA or PRA directly as mentioned in Section 3.5 below; and

- 3.4.12 in respect of a decision by the HoAF to depart in any material way from the advice or recommendation of the Committee, the HoAF will set out fully his reasons and allow the Committee a reasonable period to consider them and respond. If, having considered the reasons presented, the Committee considers that the issue is sufficiently significant it may request that the HoAF inform the CBI.

### **3.5 The Committee and the Regulators**

The Committee will seek to develop and maintain a strong working relationship with both the FCA and PRA and has the right to notify the FCA/PRA of a decision by the UKLAP Board to depart from the advice or recommendation of the Committee if the Committee considers that the issue is sufficiently significant.

The Chairman shall attend meetings with the FCA/PRA as requested by the FCA/PRA or the Chairman on a periodic basis may invite representatives of the FCA/PRA to attend meetings of the Committee.

The Chairman shall attend meetings with the CBI as requested by the CBI.

The Committee is unable to escalate issues directly to the CBI but can raise issues through the HoAF who must include these in reports to the ALPI DAC Board, which are sent to the CBI.

## **4. Standing Agenda**

Each agenda will contain items conducive to effective Committee management that the Committee Secretary shall review from time to time. These matters will include, but will not be limited to apologies and quorum, declaration of interests, approval of minutes from the previous meeting and the action log.

## **5. Membership and Quorum requirements**

### **5.1 Membership of Committee**

There shall be no fewer than 5 members of the Committee, who are appointed by the UKLAP Board. There shall be no fewer than 3 independent and 1 UKLAP nominated members of the Committee and the

Committee will at all times consist of a majority of independent members. One of the independent members shall be appointed by UKLAP as Chairman.

Taking into account Guidance published from time to time by the FCA, a member of the Committee shall not be deemed to be independent if he/she:

- has been an employee of the Aviva group within the last 5 years<sup>3</sup>;
- has had either directly or indirectly a material business relationship with any Aviva group company;
- receives additional remuneration from Aviva or is a member of any Aviva group staff pension scheme;
- has close family ties with any Aviva group advisers, directors or senior employees;
- represents a significant shareholder; or
- has served on the Committee for more than 9 years from the date of first election, including service on the Committee of a company acquired by the Aviva group.

The independent members and Chairman of the Committee shall be appointed for a period of 3 years, which if both the UKLAP Board and the independent member agree, may be renewed for a further period of 3 years, and thereafter may be extended for further periods of 1 year up to a maximum term of office of 9 years.

A person to be appointed as the Chairman of the Committee will be required to become an Approved Person under UK Financial Services legislation prior to his or her appointment taking effect.

Membership of the Committee will automatically cease if a member is made bankrupt, suffers from incapacity or ceases to be approved under UK Financial Services legislation if approval is required for membership.

Set out in the table below are standing invitees of the Committee. None of the invitees are members of the Committee and they shall not be entitled to vote on any matter before the Committee.

Role
With-Profits Actuary (s)
Chief Finance Actuary ('CFA')
Chief Risk Actuary ('CRA')
Secretary to the Committee

Head of Actuarial Function (for matters relating to ALPI DAC)
Internal Audit Director (Aviva Life UK)
Independent Actuarial Adviser

Other individuals may attend the Committee's meetings, with the permission or at the request of the Chairman of the Committee.

The Committee is entitled to meet in private without any invitees being present and may choose to do so from time to time.

## 5.2 Quorum requirements

The quorum for a Committee meeting shall be 3 members, of whom at least 2 shall be independent. Members need not be physically present at meetings and may attend by telephone or video conference facilities. In the event that a member is unable to attend (whether in person, by telephone or by video conference), he or she may make a written submission to the Chairman in respect of any item or items on the agenda for the meeting concerned.

The Chairman of the Committee shall chair each meeting. However, if the Chairman is not present within 15 minutes after the time appointed for holding the meeting or is unable to participate in the business of the meeting and therefore absents himself from the meeting, the Committee members present shall elect one of their number, who must be an independent member, to act as Chairman of that meeting or for the relevant agenda item.

If for any reason it is not possible for at least two independent members to be present, and if the Companies believe that it is desirable for the efficient management of the Companies that the Committee meeting should take place, the Companies may nominate 1 or more non-executive directors of either of the Companies' Boards to become temporary members of the Committee for the purposes of restoring an independent majority. Apart from this, no deputies for members are allowed.

## 6. Delegated Authorities and Approvals

The Committee has no delegated authority to make decisions on behalf of the Companies.

<sup>3</sup> For the purpose of section 5.1, 'Aviva group' includes any company which has been acquired by the Aviva group within the last five years.

## 7. Reporting Requirements

The Committee Secretary will report to the Companies' Boards following each meeting of the Committee, informing them of matters the Committee has reviewed, decisions taken and recommendations made on matters that require approval or consideration by the Boards.

In addition, the Chairman of the Committee shall attend the Companies' Boards at least once each calendar year to present a report on the operation of the Committee.

### Inputs:

A calendar of regular reports to be received by the Committee will be maintained by the Secretary to the Committee. It will be reviewed by the Committee at least annually, but will include:

Description	Source	Frequency
Scheme and PPFM Compliance MI	WPA*	Each meeting
Scheme and PPFM Compliance Report	WPA*	Annually
Management Services Agreement Compliance Report**	WPA*	Annually
Bonus Reviews	WPA*	Bi-annually
Determination of Potential Excess Assets and excess surplus	WPA*	Annually
Investment Update	Investments Director	Quarterly
PPFM Change Review	WPA*	Annually
Feedback from the Boards	Committee Secretary	Each meeting
ToR Conformance Review	Committee Secretary	Annually
Report on the effect of the Companies' plans, including for plans for debt restructuring and repayment, on policyholder security	WPA*	Annually

\*All references to WPA replaced by HoAF for ALPI DAC.

\*\* Memorandum of Understanding for ALPI DAC.

In addition, the Committee will receive advice of, and reports from, the WPA, the HoAF and the CFA as required on matters relevant to the work of the Committee.

### Outputs:

The Committee will produce the following regular outputs:

Description	To
Meeting minutes incorporating recommendations	Committee members and attendees
Actions log	Committee members and attendees
Chairman's report	Board
Annual reports on Court Schemes and PPFM Compliance	Board
Report after each Committee meeting	Board

Reports to the UKLAP Board other than the Chairman's routine reports on the operation of the Committee will be subject to the approval of the Committee under its voting arrangements and the decision will be recorded before such reports are submitted to the UKLAP Board. Any member of the Committee will be able to submit a minority or dissenting report to the UKLAP Board.

## 8. Committee Working Practices

### 8.1 Meetings

The Committee will meet at least quarterly and usually about 8 times a year. These meetings will include a strategy away day. Meetings will be fixed for each year by the end of October in the preceding year or, if later, when UKLAP's Board meetings for the following year have been fixed.

The HoAF, WPA or any independent member of the Committee may request that a meeting be held if they consider it necessary.

At each meeting, members of the Committee will have an equal vote in all matters within the scope of the Committee. Any decisions will be made by a simple majority. In the event that the vote is equal, the Chairman will have a casting vote.

### 8.2 Meeting Papers

All the papers for Committee meetings shall be in the template from time to time agreed by the Committee. Papers should be written in plain intelligible language so

they can be readily understood by the non-actuarial specialist members of the Committee and all acronyms used in the papers should be defined. The Chairman may decline to include on the agenda papers which in his judgement do not meet these criteria.

Papers should be distributed to members and attendees 5 working days prior to the meeting date.

Committee minutes may be circulated to other individuals at the discretion of the Secretary.

### **8.3 Terms of Reference**

The Committee shall annually review the adequacy of its Terms of Reference (ToR).

The Secretary may, with the approval of the Chairman, revise the Terms of Reference of the Committee to reflect up to date attendees and standing agenda items. All other changes to the ToR other than those referred to above require, in addition to the approval of the Committee, the prior approval of the Board of UKLAP.

Before making changes to the ToR (other than those of a minor and/or technical nature or amendments to reflect manifest errors) the Companies must:

- consult the WPA and HoAF, and
- secure the agreement of the Committee that it is satisfied that the proposed changes will continue to ensure that with-profits policyholders will be treated fairly after the proposed changes, and
- other than for changes specific to the Irish WPF notify the FCA/PRA of the proposed changes at least 3 months in advance of the intended implementation date and not proceed with the changes if either regulator has notified the company that it objects to the changes.

All amendments to the ToR must be advised to the Company Secretary of UKLAP.

The ToR will be made available on the websites of the Companies. In addition a shortened set of customer friendly terms of reference, designed to provide policyholders and others with a readily understandable account of the Committee's role and responsibilities, will be placed on the websites of the Companies in an easily accessible and identifiable location.

### **8.4 Annual Review and Self Assessment**

An annual self assessment should take place which looks at the Committee's operational effectiveness in terms of adherence to the ToR.

More detailed working practices are in Appendix A which is available from the Committee Secretary upon request.

### **8.5 Permanent Independent Actuarial Adviser to the Committee**

The Committee may appoint a permanent independent actuarial adviser to the Committee, to provide advice from outside the Companies on matters relevant to the Committee's responsibility.

### **8.6 Matters of Urgency**

In appropriate circumstances, should approval be required for any item reserved for the Committee's decision during a period between scheduled Committee meetings, the Secretary to the Committee will arrange for either:

1. A Committee meeting to be convened at a time convenient to as many members as possible; or
2. The circulation of a written resolution to be signed by each member.

Details of any actions taken in accordance with these procedures will be reported to the members at the next Committee meeting, or more quickly, if the Chairman considers it appropriate.

More detailed working practices are in Appendix A noted above.

## APPENDIX A

# Board and Management Committee Working Practice Principles

*These principles apply to both Board Committees and Management Committees, unless otherwise stated.*

## Role of the Chair

The committee chair is responsible for the effective running of the meetings and allocating sufficient time to each issue for discussion to enable the committee's duties to be discharged appropriately. The chair shall be a sufficiently authoritative individual to maximise attendance and provide direction.

In order that meetings are effective the chair will:

- plan the agenda for each meeting in conjunction with the secretary, taking into account the standing agenda items and ensuring that all items on the agenda are relevant to the business and remit of the committee.
- manage proceedings at each meeting, focussing on the session agenda.
- invite others to attend, if this improves the ability of the committee to discharge its responsibilities.
- convene scheduled or ad hoc sessions of the committee as required.
- ensure that the Terms of Reference remain up to date and fit-for-purpose.

The chair will manage proceedings at each meeting in such a way that promotes effective working relations among committee members and enables the views of member to be considered.

To ensure that reporting and escalation is effective, the chair will (in conjunction with the Secretary):

- request and collect reports as required.
- report to the parent Committee or Board, as defined in the Terms of Reference, informing them of the matters it has reviewed, and making recommendations when requested or when considered appropriate.

## Role of the Secretary

The Secretary is an important role and key to the effective running of the Committee.

In order that meetings are run effectively the secretary will:

- support the committee chair in agenda planning.
- schedule the meetings and venue.
- circulate appropriate agenda and other papers in a timely manner in advance of the meeting.
- provide support to the committee chair in the management of the committee relevant to its Terms of Reference. Tools such as the Committee checklist are available to support the secretary in this role.
- maintain the minutes of the meeting, ensuring enough detail is included to capture the main points of discussion, decisions made and resulting actions.
- circulate the minutes of the meeting to members, participants, other session attendees and other interested parties in a timely manner.
- prepare and distribute in a timely manner any other reports and outputs due to other committees.
- support the Chair in ensuring the Terms of Reference remain up to date and fit-for-purpose.
- facilitate the periodic Committee effectiveness assessment.

In order to help the Chair and Secretary manage the committee effectively, a number of tools are available including:

- A standing agenda to ensure that items in need to be covered in every meeting are not overlooked.
- Templates for minutes, actions and decisions which give clarity to decisions and actions.
- A Committee checklist for each meeting.

## **APPENDIX A**

### **Role of Other Members**

Committees should provide effective management and independent challenge by bringing together the different knowledge, perspectives and experience of its members.

Committee members should:

- have capacity to devote sufficient time to committee business.
- contribute to discussion and debate.
- come prepared, having read Committee papers and submissions.

Committee members are not present just to represent their own functional area or part of the business.

### **Role of Invitees**

As a general rule, only the Chief Executive Officer and the relevant functional head should be in attendance for the whole of each Board Committee meeting. All other attendees should join the meeting to present their items only. For Management Committee's the chairman of the committee will determine who should generally attend each meeting.

Ad-hoc invitations may be extended to individuals outside of the normal attendance; this may be to discuss a particular point of relevance to the committee meeting or where the individual has significant knowledge of a specific risk area or agenda item under consideration.

Invitees to Committee meetings do not count towards quorum and are not entitled to vote.

### **Collective Responsibility**

Board committees operate on the basis of collective responsibility. This should allow members to express their views freely in discussion, while maintaining a united front once agreement has been reached. Agreements reached in Committee sessions are binding on all members.

Subject to the Committee Terms of Reference, each member of the Committee has one vote and the Committee shall be authorised to take any permitted actions only by an affirmative vote by a majority of the Committee members present at any quorate meetings (in the event that the vote is equal, the chairman will have the casting vote) or by the unanimous written consent of all the Committee members.

This differs from Management Committees where, as a general rule, the chair of the committee has sole decision making authority, and the committee members are present to assist the chairman in making his decision. The minutes of Management Committee meetings should record that any decisions taken are those of the Committee chairman, and not of the Committee as a whole.

### **Meetings and Quorum**

Members and attendees should be physically present at meetings. Where this is not possible, they may join the meeting by phone provided if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. This means that dial in is not acceptable where there is the likelihood of interruption, or where an individual is unable to speak freely to discuss confidential information.

The quorum defines the minimum number of members that need to be present at a Board Committee meeting for it to be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by the Committee.

## **APPENDIX A**

A Board committee meeting that does not have enough members present to be quorate is not empowered to make decisions or transact business. Deputies for members do not normally count towards quorum, although they can be given voting rights for particular agenda items with the prior written agreement of all members.

### **Decision making outside of meetings**

There may be occasions when a quick decision by a Board Committee is needed that can not wait until the next meeting is due. In this case, an extraordinary meeting of the Committee should be called in order to make a decision. In exceptional circumstances, a decision may be made outside of a meeting if the following process is followed:

- A paper should be prepared for circulation to all members and relevant attendees of the Board Committee.
- To be approved, all committee members will need to give positive confirmation that they approve the proposal. This should be provided within 48 hours of circulation of the proposal/requested decision. The paper should be included in the pack for the next monthly meeting, together with a note confirming whether the proposal was approved or not.

### **Reviewing Committee Effectiveness**

On an annual basis the chairman should ensure that the Committee is subject to an effectiveness review, by means of the self assessment tool made available to all Committee Chairmen and Committee secretaries. The results of the self-assessment should be presented to the next meeting with a view to addressing any issues identified. The results of the assessment or common themes, and details of any actions resulting, should also be shared with any parent Committee at the next available meeting

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