

WESLEYAN

Schedule of Matters Reserved for the Board

Prepared by: Company Secretary
Version Date: January 2018

Wesleyan Assurance Society

Schedule of matters reserved for the Board

1 Strategy and management

- 1.1 Responsibility for the overall management of the Group.
- 1.2 Approval of the Group's long-term objectives and commercial strategy.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Approval of the Group's risk and capital strategies including associated risk appetites and any material changes to them.
- 1.5 Oversight of the Group's operations ensuring:
 - a) competent and prudent management
 - b) sound planning
 - c) an adequate system of internal control
 - d) adequate accounting and other records
 - e) compliance with statutory and regulatory obligations.
- 1.6 Review of performance in the light of the Group's strategy, objectives, risk profile, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.7 Extension of the Group's activities into new business or geographic areas.
- 1.8 Any decision to cease to operate all or any material part of the Group's business.

2 Structure and capital

- 2.1 Changes relating to the Group's capital structure.
- 2.2 Major changes to the Group's corporate legal entity structure.
- 2.3 Major changes to the Group's management and control structure.
- 2.4 Any changes to the Society's status as a mutual.

3 Financial reporting and controls

- 3.1 Approval of announcements of the statutory financial results.
- 3.2 Approval of the annual report and accounts, including the Corporate Governance Statement and Board Remuneration Report.

- 3.3 Approval of the bonus distribution policy.
- 3.4 Declaration of the interim and final bonuses, subject to the agreed basis of delegation to the Executive.
- 3.5 Approval of any significant changes in accounting policies or practices.
- 3.6 Approval of appropriate financial risk management policies including foreign currency exposure and the use of financial derivatives.

4 Internal controls

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
 - a) receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives
 - b) undertaking an annual assessment of these processes
 - c) approving an appropriate statement for inclusion in the annual report.

5 Contracts

- 5.1 Major capital projects which are material strategically or by reason of the level of expenditure.
- 5.2 Contracts which are material strategically or by reason of the level of expenditure, entered into by the Society or any subsidiary company in the ordinary course of business.
- 5.3 Contracts of the Society or any subsidiary company not in the ordinary course of business, for example Investments purchases or sales exceeding normal documented authority limits.

6 Communication

- 6.1 Approval of resolutions and corresponding documentation to be put forward to members at a general meeting.
- 6.2 Approval of press releases concerning matters decided by the Board, as required by the Chairman or Chief Executive Officer.

7 Board membership and other appointments

- 7.1 Changes to the structure, size and composition of the Board and its committees, following recommendations from the Nomination Committee.
- 7.2 Ensuring adequate succession planning for the Board and senior management.
- 7.3 Appointments to the Board, following recommendations by the Nominations Committee.
- 7.4 Selection of the Chairman of the Board and the Chief Executive.

- 7.5 Appointment of the Deputy Chairman and Senior Independent Director.
- 7.6 On the recommendation of the Nominations Committee, membership and Chairmanship of Board committees, other than for the Audit Committee, for which the Chairman is appointed by its members.
- 7.7 Continuation in office of directors at the end of their term of office, when they are due to be re-elected by members at the AGM and otherwise as appropriate.
- 7.8 Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Society, subject to the law and their service contract.
- 7.9 Appointment or removal of the Company Secretary, Chief Actuary or With Profits Actuary, following recommendations from the Nominations Committee.
- 7.10 Appointment, reappointment or removal of the external auditor to be put to members for approval, following the recommendation of the Audit Committee.
- 7.11 On the recommendation of the Nominations Committee, appointment of the Chairman and Chief Executive / Managing Director of any subsidiary company specified by the Board.¹

8 Remuneration

- 8.1 Determining the remuneration policy and structure for the Executive directors, Company Secretary and other executives, following recommendations from the Remuneration Committee and subject to the Rules of the Society and members' advisory vote as appropriate.
- 8.2 Determining the remuneration of the Chairman, subject to the Rules of the Society and members' advisory vote as appropriate.

9 Delegation of authority

- 9.1 The division of responsibilities between the Chairman and the Chief Executive, which should be in writing.
- 9.2 Approval of terms of reference of Board committees.
- 9.3 Receiving reports from Board committees on their activities.

10 Corporate governance matters

- 10.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 10.2 Determining the independence of directors.
- 10.3 Considering the balance of interests between members, employees, customers and the community.
- 10.4 Review of the Group's overall corporate governance arrangements including

¹ Wesleyan Bank Limited, Wesleyan Unit Trust Managers Limited, Practice Plan Holdings Limited and Wesleyan Financial Services Limited (last reviewed 25 January 2018)

the effectiveness of the Group's Governance Strategy and Policy.

10.5 Receiving reports on the views of the Society's members.

11 Policies

11.1 Approval of policies, including:

- Health and safety policy
- Environmental policy
- Corporate social responsibility policy
- Charitable donations policy
- Key Risk policies
- Own Risk and Solvency Assessment policy.

12 Other

12.1 The making of political donations.

12.2 Approval of the appointment of the Group's principal professional advisers.

12.3 Prosecution, defence or settlement of litigation involving amounts in excess of expenditure authority limits or being otherwise material to the interests of the Group.

12.4 Approval of the overall levels of insurance for the Group including Directors' & Officers' Liability insurance and indemnification of directors.

12.5 Major changes to the rules of the Group's pension scheme, or changes in the fund management arrangements.

12.6 This schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.