



## **1. Introduction & Objectives**

The primary decision-making body of the Metropolitan Police Friendly Society Limited (“Society”) is the Board of Directors (“the Board”).

- 1.1 Subject to the provisions of the Friendly Societies Act 1992 (“the Act”), the Society Memorandum and the Society’s Rules and to any directions given by special resolution, the business of the Society shall be managed by the Board who may exercise all the powers of the Society.
- 1.2 The primary objectives of the Board, notwithstanding the requirements contained within the legal and regulatory framework in which the Society operates, are to:
  - (i) seek understanding of and, where relevant, aim to meet the aspirations of the Society’s membership,
  - (ii) set the overall values and principles of the organisation, and
  - (iii) ensure the strategic vision and decisions taken by the Board in relation to membership, relationships with the police service and product/service provision & development uphold the Society’s reputation.
- 1.3 In exercising its powers, the Board will seek to delegate its authority to sub-committees and the Executive unless a specific regulatory obligation or requirement within the rules of the Society for the Board prohibits such delegation.

## **2. Membership of the Board**

- 2.1 The Board shall consist of not more than 11 nor (subject to the provisions for rule 25(6)) less than 5 members and may, from time to time, resolve the number who together shall constitute the Board within these limitations.
- 2.2 The Chief Executive, who has responsibility for the day-to-day management of the regulated activities of the Society will be an executive member of the Board. Other executive and non-executive directors will also form part of the Board together with the Chair of the Board.
- 2.3 At its first meeting after every Annual General Meeting (AGM) the Board shall elect from its non-executive members a Chair. The Chair shall hold office until the commencement of the first meeting of the Board held after the next AGM unless he or she ceases in the meantime to be a Director or shall resign the office.
- 2.4 The Chair shall preside at all meetings of the Board at which he or she is present.
- 2.5 If the Chair, so elected, shall be absent from a meeting of the Board or shall decline to act as Chair, the Directors present at that meeting shall elect a Director to be Chair for the purposes of that meeting.
- 2.6 At its first meeting after every AGM, the Board shall appoint Chairs to each of its committees who shall be non-executive Officers.
- 2.7 The Board may at any time remove any of the non-executive Officers from office.
- 2.8 The Board may remove the Chair from such office at any time. The Board shall fill from its number any casual vacancy (whether or not arising from the exercise of its power) and the relevant non-executive Officer or Officers so elected shall hold office until the commencement of the first meeting of the Board held after the next AGM, unless he or she shall cease in the meantime to be a Director or shall resign the office.
- 2.9 The Society’s Secretary shall be the secretary of the Board.

### **3. Election & Appointment as a Director**

- 3.1 The Board shall elect members to the Board in line with the prevailing regulation and Rules of the Society.

### **4. Duties of the Board**

Without prejudice to the generality of the foregoing paragraphs, the duties of the Board are to:-

- 4.1 Elect its Chair
- 4.2 Appoint a Chief Executive for the day-to-day management of the regulated activities of the Society
- 4.3 Appoint, and terminate when necessary, the services of a Chief Actuary and a With-Profits Actuary
- 4.4 With the advice of the Chief Actuary/With-Profits Actuary:
- (i) approve the distribution of surpluses and bonuses,
  - (ii) approve the investment of surplus funds, in whatever form, over and above those required to meet anticipated liabilities,
  - (iii) review the Society's financial standing, which includes the Society's solvency capital requirements in respect of its long-term business as required by the Act/PRA
  - (iv) approve the financial statements.
  - (v) approve the methodology, robustness of the underlying assumptions and set the basis for actuarial valuations and capital measurements.
- 4.5 Approve nominations for election of Executive & non-executive directors following recommendation from the relevant Committee.
- 4.6 Deliver and oversee a system of committees and, when considered necessary, sub-committees to support the governance of the Society. as part of the overall control and review framework of the Society. The Board will ensure that the operation of these committees remains consistent within the scope of the responsibilities of the Chief Executive and Board.
- 4.7 Oversee the Society's risk appetite which will provide the basis for decision making, reporting and operations of the society.
- 4.8 Approve significant adaptations to product ranges that influence the delivery of the strategic objectives in line with prevailing FCA handbook and the Product Oversight and Governance Policy.
- 4.9 Approval of non-budgeted expenses in excess of £100,000
- 4.10 Consider and report to with-profits policyholders and Financial Conduct Authority (FCA) as required, on its exercise of discretion in the conduct of with-profits business and compliance with the Principles and Practices of Financial Management (PPFM).
- 4.11 Approve the Society's appetite in respect of ESG

### **5. Responsibilities of the Board**

The responsibilities of the Board will include the following-

- 5.1 Develop an overall vision and strategy for the Society to deliver performance against long term objectives.
- 5.2 Approve an annual business plan and associated budget ensuring this aligns with the risk appetite and strategy of the Society.
- 5.3 Approve proposals for strategic business development, which may include the formation of additional subsidiary operations and other associations with third parties, giving due regard to the impact they may have on the strategy and risk profile of the Society.
- 5.4 Approve an investment policy commensurate with the aims and objectives of the Society and to monitor investment performance in conjunction with the Investment Committee

- 5.5 Ensure the direction and management of all affairs and business of the Society are carried out in accordance with our Rules & Memorandum and prevailing regulations.
- 5.6 Supervise the activities of any controlled body of the Society.
- 5.7 Oversee relationships with the Police Family ensuring:
  - (i) the fair treatment of Members by our products and servicing;
  - (ii) the design and distribution of our products provide fair value to our Members; and
  - (iii) all aspects of Consumer Duty requirements are considered.
- 5.8 Seek advice from the With-Profits Actuary and the With Profits Advisory Arrangement on key aspects of the discretion to be exercised affecting the with-profits business of the Society and compliance with the PPFM. The Board will need to consider the annual report from the With-Profits Actuary on the exercise of this discretion and compliance with the PPFM
- 5.9 Approve the Society's risk management system, including risk related policies, Structures and information that is sufficient for it to exercise its risk governance role.
- 5.10 Establish a system of governance to ensure reports are received that enables appropriate oversight and decision making.
- 5.11 Ensure that appropriate authorities are in place in respect of contractual arrangements, expenditure and commercial insurance.
- 5.12 The Board will consider the impact of its decisions in respect of the stated ESG appetite.

## **6. Reporting Responsibilities**

- 6.1 The Chair of the Board and the Chief Executive shall attend general meetings prepared to respond to any questions on the Board's activities.
- 6.2 The Chief Executive will report on their activity at each Board meeting to enable the Board to understand the performance of the Society. The Chief Executive will appraise the Board of any matters of significance arising.
- 6.3 The Chief Executive will deliver to the Board an annual appraisal of performance against the business plan and, in particular, highlight where changes within the marketplace either accommodate or reduce the aspirations of the Society's membership.  
The Board should, following consideration of the Annual Report and any issues raised by the Audit, Risk & Compliance Committee, approve the Annual Report and Accounts prior to submission to the AGM.  
The Board will recommend the appointment of Auditors for election at the AGM.  
The Chair of the Board shall ensure procedures are in place to review the Board's performance and terms of reference to ensure it is operating effectively.

## **7. Authority and Rights**

- 7.1 No alteration of the memorandum or rules and no direction as specified above shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given.
- 7.2 The validity of any proceedings or acts of the Board shall not be affected by any vacancy among its members or by any defect in the appointment of a Director.
- 7.3 The Board is authorised, 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.
- 7.4 The Board shall have full authority to commission any reports or surveys it deems necessary to help fulfil its obligations.
- 7.5 The Board shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 7.6 The Board may investigate any activity relating to the operation of the Society.
- 7.7 The Board reserves the right to commission ad-hoc audits or reviews.
- 7.8 The Board will ensure that appropriate procedures are in place to remunerate officers in line with the Society's rules and legislative requirements.

**8. Attendance at Board meetings**

- 8.1 Only members of the Board have the right to attend Board meetings. However, other employees of the Society and external advisors may attend meetings at the invitation of the Chair of the Board.
- 8.2 Attendees are not members of the Board, and they may collectively or individually be requested to withdraw from meetings of the Board if required to do so by the Chair of the Board.
- 8.3 The external auditor and internal auditor will each have the right to meet with the Board without executive Directors present.
- 8.4 Questions arising at a meeting of the Board shall be decided by a majority of votes and the Chair of the meeting shall have a second or casting vote at a meeting.

**9. Quorum**

- 9.1 Half the number of the Board shall form a quorum of which at least half will be non-executive officers.
- 9.2 A duly convened meeting of the 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 Board.

**10. Meeting Arrangements**

- 10.1 The Board shall meet for business as often as it shall find necessary, but no less than three times in each calendar year.
- 10.2 Members of the Board or the Secretary may convene the Board at any time.
- 10.3 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 Board no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Board members and to other attendees as appropriate at the same time. Ad hoc meetings to deal with unexpected or unusual events may be called at short notice.
- 10.4 The Society Secretary, or nominee, shall act as Secretary of the Board and will ensure that Board members receive notice of each meeting at the same time, with the agenda and relevant meeting papers in sufficient time to enable full and proper consideration to be given to issues.

**11. Minutes of Meetings**

- 11.1 The Secretary shall keep appropriate records of all meetings with appropriate minutes of the proceedings and resolutions so as to provide evidence that the Board is discharging its responsibilities and as required by the record keeping requirements implicit within the FCA's Rules relating to the exercise of Senior Management Arrangements, Systems and Procedures of Control.
- 11.2 Board minutes are to be circulated by the Secretary to all members of the Board.
- 11.3 The Board may make decisions outside of meetings in writing provided all members of the Board sign to confirm their approval of the decision.
- 11.4 Minutes of all meetings will include the names of those present and in attendance.

**Metropolitan Police Friendly Society Ltd**  
**INVESTMENT COMMITTEE**  
**Terms of Reference**



**1. Purpose**

- 1.1 The purpose of the Investment Committee (the “Committee”) is to provide independent oversight of the Society’s investment strategy & ongoing management of assets.
- 1.2 The Committee will review the following areas:
  - 1.2.1 the appointment of new fund managers and ongoing management of incumbent fund managers;
  - 1.2.2 Investment performance
  - 1.2.3 Undertake any detailed review requested by the Board or the With Profits Advisory Arrangement and shall report the results of its reviews to the Board.
- 1.3 The Board has delegated authority to the committee in relation to its duties and responsibilities. In respect of these delegated authorities the committee is authorised to make decisions on behalf of the Board.
- 1.4 At any time, the committee is able to escalate any issue to the Board for consideration and approval.

**2. Duties and Responsibilities**

- 2.1 To meet its purpose the Committee shall:
  - 2.1.1 Review at least annually the investment strategy with any recommendation for changes taken to Board;
  - 2.1.2 review the plans proposed to implement the investment strategy encompassing, but not limited to, ESG & Consumer requirements; and
  - 2.1.3 review the investment performance of the funds as a whole and the individual investment and operational performance of fund managers.
- 2.2 The responsibilities of the Committee shall be to:
  - 2.2.1 review and challenge where necessary, the actions and judgements of management, in relation to any Investment Committee matter
  - 2.2.2 approve investment of funds proposed by the Chief Finance Officer which are outside of pre-agreed investment strategy.

In order to assist the Committee, management shall produce investment reports. The Committee shall keep these reports under review.

**3. Membership**

Members by title shall consist of:

- 4 Non-Executive Directors
- Chief Finance Officer

Regular Attendees

- Chief Executive Officer
- Chief Risk Officer/Co Sec
- Anyone by invite

Regular Invitee

- The With Profits Advisory Arrangement if not a member

**4. Attendance at Meetings**

- 4.1 If not a member of the Committee the Chair of the Society and the Senior Independent Director have the right to attend meetings.
- 4.2 Other directors, employees of the Society and external advisors may attend by invitation of the Committee.

**5. Quorum**

- 5.1 The quorum for a meeting is 3. A member may be present and included in the quorum for the meeting if attending remotely Each member appointed under 3 and present shall have one vote; if votes are equal the Chair has a casting vote.
- 5.2 In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.

**6. Meeting Arrangements**

- 6.1 The Committee will normally meet at least four times between each AGM.
- 6.2 The Secretary, or his or her nominee, shall act as secretary of the Committee and will ensure that Committee members receive notice of each meeting at the same time, with the agenda and relevant meeting papers in sufficient time to enable full and proper consideration to be given to issues.

**7. Minutes of Meetings**

- 7.1 Minutes of the proceedings and resolutions of all meetings shall be kept and will include the names of those present and in attendance.
- 7.2 Minutes of Committee meetings shall be circulated to all members of the Committee and to all other members of the Board.

**8. Reporting Responsibilities**

- 8.1 The Committee Chair shall report to the Board on its proceedings after each Committee meeting.
- 8.2 The Committee shall compile a report on its activities to be included in the Society's annual report, including an explanation of how the Committee has addressed its responsibilities for investment management.
- 8.3 The Committee Chair shall respond to any questions on the Committee's activities at the Annual General Meeting.
- 8.4 The Committee Chair shall review the Committee's performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes to the Board at least annually.

**9. Authority and Rights**

- 9.1 The Committee may investigate any activity within its terms of reference.
- 9.2 The Committee may seek any information it requires from employees and external advisors, and all employees should co-operate with its requests.
- 9.3 The Committee may obtain external professional advice.



## **1. Purpose**

The purpose of the Audit, Risk and Compliance Committee (the “Committee”) is to:

- 1.1 provide an independent oversight of the Society’s systems of risk and compliance management;
- 1.2 have oversight of the Society’s statutory reporting and systems of internal control;
- 1.3 ensure its compliance with legislation, prevailing regulation and best practice;
- 1.4 review quality and effectiveness of the Society’s external auditor and internal audit function;
- 1.5 enable the Society’s compliance procedures to be reviewed in greater detail than at regular Board meetings.
- 1.6 The Board has delegated authority to the committee in relation to its duties and responsibilities. In respect of these delegated authorities the Committee is authorised to make decisions on behalf of the Board.
- 1.7 At any time the Committee is able to escalate any issue to the Board for consideration and approval

In carrying out any such review the Committee shall receive any necessary supporting papers and appropriate management information.

## **2. Duties and Responsibilities**

To meet its responsibilities with regard to Risk matters the Committee shall:

- 2.1 review the Society’s overall risk appetite, tolerance and strategy, taking account of the current and prospective financial and macroeconomic environment and make recommendations to the Board;
- 2.2 oversee and advise the Board on the current risk exposures of the Society and future risk strategy, including the design of stress and scenario testing;
- 2.3 keep under review the Society’s overall risk assessment processes, reporting of the principal risks detailed in the risk register & their respective controls, ensuring appropriate qualitative and quantitative measures are used;
- 2.4 review, as appropriate, the management of any material risk events and the implementation of any appropriate remedial actions;
- 2.5 review and recommend to the Board approval of the Society’s Risk Policy
- 2.6 advise the Board on the risk implications of proposed strategic changes or strategic transactions, ensuring appropriate due diligence is undertaken if appropriate;
- 2.7 keep under review the effectiveness of the Society’s risk management systems and oversee the preparation of the risk sections of the Annual Report;
- 2.8 review the Society’s reinsurance arrangements and any material changes recommended by management;
- 2.9 provide advice, oversight and challenge necessary to embed and maintain a supportive risk culture;
- 2.10 consider the impact of its decisions against the stated ESG appetite;
- 2.11 consider and approve the remit of the risk management function and ensure it has adequate resources to enable it to perform its function &
- 2.12 ensure that it considers Consumer Duty requirements in both its advice and decisions.

### **3. Financial Reporting:**

To meet its responsibilities with regard to Financial Reporting matters the Committee shall:

- 3.1 review the arrangements established by management for compliance with financial reporting requirements and make recommendations to the Board;
- 3.2 review the statutory accounts and financial reports, audit and compliance related disclosures including the Solvency and Financial Condition Report, Regulatory Supervisory Report and other key financial reports that contribute to the Society's ORSA process, on behalf of the Board; and
- 3.3 monitor the integrity of the financial statements of the Society and any formal announcements relating to the Society's financial performance, reviewing significant financial reporting judgements contained in them, consistency of application of significant accounting policies, and the clarity, consistency and completeness of disclosure.

### **4. External Audit:**

To meet its responsibilities with regard to External Audit matters the Committee shall:

- 4.1 oversee the process for the selection, appointment, re-appointment and removal of the external auditor (ensuring that the audit services contract is put out to tender at least once every ten years) and make appropriate recommendations through the Board to the members to consider at the Annual General Meeting ("AGM") and to approve the remuneration and terms of engagement of the external auditor;
- 4.2 the Chair shall meet as and when they want to with the external auditor (including at the planning and reporting stages of the audit) and at least annually without the presence of Executive members;
- 4.3 consider the engagement of the external auditor to supply any non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and report to the Board, identifying any matters in respect of which it considers that action or improvement is needed;
- 4.4 monitor any fees in respect of non-audit services provided by the external auditor to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity;
- 4.5 review the external auditors' management letter(s) and the management responses;
- 4.6 review and challenge where necessary, the actions and judgements of management, in relation issues raised during external audits
- 4.7 review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- 4.8 review any representation letters requested by the external auditor before recommending to the Board that they are signed on its behalf by management;

### **5. Internal Audit:**

To meet its responsibilities with regard to Internal Audit matters the Committee shall:

- 5.1 oversee the process for the selection, appointment, re-appointment and removal of the internal auditor (ensuring that the audit services contract is put out to tender at least once every ten years) and make appropriate recommendations through the Board
- 5.2 the Chair shall meet as and when they want to with the internal auditor and at least annually without the presence of Executive members;
- 5.3 Approve the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Society and access to information it needs to fulfil its mandate;
- 5.4 review, and challenge where necessary, the actions and judgements of management, in relation to internal audit reports.



- 5.5 ensure appropriate account is taken of all audit issues and that management respond to weakness and issues highlighted by the external and internal audit reports.

#### **6. Compliance Monitoring Function:**

To meet its responsibilities with regard to Compliance matters the Committee shall:

- 6.1 Approve the completeness and adequacy of the Compliance Monitoring Work Plan;
- 6.2 review and monitor Management's responsiveness to the Compliance function's findings and recommendations;
- 6.3 monitor and assess the role and effectiveness of the Compliance function, taking into account the work of the Internal Auditor;
- 6.4 review the Society's systems and controls for the prevention of bribery and receive any reports on non-compliance.

#### **7. Whistleblowing and Financial Crime:**

To meet its responsibilities with regard to Whistleblowing matters the Committee shall:

- 7.1 review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
- 7.2 Review and recommend to Board the approval of the annual Whistleblowing report
- 7.3 receive and review reports from Money Laundering Reporting Officer

#### **8. Membership:**

- 8.1 At the first meeting after each AGM the Board will appoint from its independent non-executive directors at least three members to the Committee, the Committee Chair (who may also be the With Profits Advisory Arrangement) taking into account any recommendations from the Remuneration, Nomination and Governance Committee
- 8.2 At least one member (who may be the same person) must have competence in auditing or accounting.

#### **9. Attendance at Meetings**

- 9.1 If not a member of the Committee, the Chair of the Society and the Senior Independent Director have the right to attend meetings.
- 9.2 Other directors, employees of the Society and external advisors may attend by invitation of the Committee.
- 9.3 The Chief Risk Officer will attend to support the work of the Committee.

#### **10. Quorum**

- 10.1 The quorum for a meeting is 2. Each member present shall have one vote; if votes are equal the Chair has a casting vote. A member may be present and included in the number counted for the quorum if attending remotely.
- 10.2 In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.

#### **11. Meeting Arrangements**

- 11.1 The Committee will meet at least three times between each AGM.
- 11.2 The Secretary, or their nominee, shall act as secretary of the Committee and will ensure that Committee members receive notice of each meeting at the same time, with the agenda and relevant meeting papers in sufficient time to enable full and proper consideration to be given to issues.

#### **12. Minutes of Meetings**

- 12.1 Minutes of the proceedings and resolutions of all meetings shall be kept and will include the names of those present and in attendance.
- 12.2 Minutes of Committee meetings shall be circulated to all members of the Committee and to all other members of the Board.

### **13. Reporting Responsibilities**

- 13.1 The Committee Chair shall report to the Board on its proceedings after each Committee meeting.
- 13.2 The Committee shall compile a report on its activities to be included in the Society's annual report, including an explanation of how the Committee has addressed its responsibilities for risk management during the year.
- 13.3 The Committee Chair shall respond to any questions on the Committee's activities at the Annual General Meeting.
- 13.4 The Committee Chair shall review the Committee's performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes to the Board at least annually.

### **14. Authority and Rights**

- 14.1 The Committee may investigate any activity within its terms of reference.
- 14.2 The Committee may seek any information it requires from employees and external advisors, and all employees should co-operate with its requests.
- 14.3 The Committee may set priorities for internal audit work.
- 14.4 The Committee may direct either the external or internal auditors to undertake or commission investigations on its behalf and to follow up on any suspicions of fraud
- 14.5 The Committee may obtain external professional advice at the Society's reasonable expense.

**Metropolitan Police Friendly Society Ltd**  
**REMUNERATION, NOMINATION & GOVERNANCE**  
**COMMITTEE**  
**Terms of Reference**



## **1. Purpose**

The purpose of the Remuneration, Nomination and Governance Committee is to oversee and recommend to the Board the recruitment & appointment of the Society's Board and Senior Manager Functions (SMF). and approve matters relating to the development of Senior Management Functions (SMF) role holders.

It recommends to the Board the annual remuneration for the Non-Executive Directors and the remuneration structures and parameters of the packages for the Executive Directors.

It is responsible for keeping the Board's governance arrangements under review and making appropriate decisions or recommendations to ensure their consistency with appropriate and proportionate governance practices.

The Board delegates authority to the committee in relation to its duties and responsibilities. In respect of these delegated authorities the committee is authorised to make decisions on behalf of the Board.

At any time, the committee is able to escalate any issue to the Board for consideration and approval.

## **2. Duties and Responsibilities**

### **Board Composition and Membership**

The Committee shall:

- 2.1.1 Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise, taking into consideration issues including skills, diversity and the benefits of maintaining strong links with the affinity group served within the police service, and recommendations being made, on merit, against objective criteria.
- 2.1.2 Make recommendations to the Board for the Chairs and members of the various Committees at the first meeting after the AGM of the Board;
- 2.1.3 Make recommendations to the Board concerning the appointment of any SMF holders other than the Compliance Officer and the positions of Chair of the Society and Chief Executive. The recommendations for these posts would be considered at a meeting of:
  - 2.1.3.1 All the non-executive directors regarding the position of Chief Executive; and
  - 2.1.3.2 All the directors regarding the position of Chair of the Society.
- 2.1.4 Develop and review the remuneration package for Directors as directed by the Board and submit proposals to the Board for approval and review them at least annually;

- 2.1.5 Review workforce remuneration proposals from the CEO, and ensure the alignment of incentives and rewards with culture and values.,
- 2.1.6 Be responsible for overseeing and recommending for approval to the Board, any proposed variable remuneration or bonus schemes.
- 2.1.7 Review the impact of any Committee decision on Board Remuneration to be disclosed in the Annual Report and Accounts.

### **3. Succession Planning**

- 3.1 Review and make recommendations to the Board at least annually for Board succession and contingency plans over the short and longer term, particularly as regards the Chair of the Society, the Chief Executive Officer & Non-Executive Directors, in order to maintain an appropriate balance of skills, experience, independence and knowledge and diversity to ensure progressive refreshing of the Board;
- 3.2 Keep under review the leadership/development needs of the organisation for all SMF holders with a view to ensuring the continued ability to compete effectively in the organisation's marketplace;

The Committee shall also make recommendations to the Board:

- 3.3 As regards the re-appointment of any non-executive director at the conclusion of his or her specified term;
- 3.4 For the continuation (or not) in service of any director who has reached the age of 70.

### **4. Corporate Governance**

- 4.1 Approve the Society's Management Responsibilities Map and the allocation of responsibilities and any proposed changes, prior to them being submitted for approval by the Board; and
- 4.2 Keep under review the structure and membership of the Board's committees and their terms of reference and recommend any suggested changes to the Board;

### **5. Training and Development**

- 5.1 The Committee shall ensure there is a suitable induction process for new Directors and that appropriate on-going training & development is in place for existing SMF holders.
- 5.2 The duties of the Committee shall be to determine, organise and monitor such training for Board members as it shall deem necessary and appropriate.
- 5.3 The Committee shall be responsible for overseeing the development Training and Development practices for the Board members.

### **6. Board Evaluation**

- 6.1 The Committee shall be responsible for recommending to the Board the approach the Society takes to evaluation and for commissioning external and internal evaluation to an agreed timetable.

## 7. Guiding Principles

- 7.1 Appropriate and fair levels of remuneration are imperative to enable organisations to secure high-quality directors & SMF Holders. Alignment between the remuneration of directors and senior management and an organisation's performance should demonstrate the shared values, culture, long-term success and strategic aims of the Society. Our main guiding principles are that remuneration packages for our staff are such that:
- We recruit and retain the right people for the role
  - We incentivise staff to do their best
  - We will invest in our staff
  - We provide packages that we can afford; and
  - We achieve alignment of our staff with where the business is going.
- 7.2 Remuneration should be developed around principles that include fairness and consistency, relate to individual performance measures and incentives, and contribute to the retention of staff. These include a considered assessment of the organisation's response to matters such as equality & diversity.
- 7.3 The Committee should ensure transparency of Directors remuneration structures that enable effective accountability to members.
- 7.4 The Committee will consider the impact of its decisions against the stated ESG appetite.

## 8. Reporting Responsibilities

- 8.1 The Committee Chair shall report to the Board on its proceedings after each Committee meeting.
- 8.2 The Committee Chair shall respond to any questions on the Committee's activities at the Annual General Meeting.
- 8.3 The Committee Chair shall review the Committee's performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes to the Board at least annually.
- 8.4 The Committee Chair shall develop and recommend to the Board for approval, the remuneration and Corporate Governance Report for inclusion in the Annual Report, including the Society's compliance with the Annotated UK Corporate Governance Code for Mutual Insurers.

## 9. Membership

- 9.1 At the first meeting after each Annual General Meeting ("AGM"), taking into account any recommendations from the Remuneration, Nomination and Governance Committee, the Board will appoint from its non-Executive directors the Committee Chair (who may not be the Chair of the Society) and at least one other member, or two if the Committee Chair is the Senior Independent Director. At all times the Committee must have two independent non- executive members. The Chair of the Remuneration, Nomination and Governance Committee will be a member.

## **10. Attendance at Meetings**

- 10.1 Directors, employees of the Society and external advisors may attend by invitation of the Committee.
- 10.2 The Senior Independent Director has the right to attend meetings.
- 10.3 Other directors, employees of the Society and external advisors may attend by request or by invitation of the Committee.

## **11. Quorum**

- 11.1 The quorum for a meeting is two non-executives. Each member appointed and present, shall have one vote; if votes are equal the Chair has a casting vote.
- 11.2 In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.

## **12. Meeting Arrangements**

- 12.1 The Committee shall meet at least twice between each AGM.
- 12.2 The Secretary, or nominee, shall act as secretary of the Committee and will ensure that Committee members receive notice of each meeting at the same time, with the agenda and relevant meeting papers sent in sufficient time to enable full and proper consideration to be given to issues.

## **13. Minutes of Meetings**

- 13.1 Minutes of the proceedings and resolutions of all meetings shall be kept and will include the names of those present and in attendance.
- 13.2 Minutes of Committee meetings shall be circulated to all members of the Committee and to all other members of the Board.

## **14. Authority and Rights**

- 14.1 The Committee may investigate any activity within its terms of reference.
- 14.2 The Committee may seek any information it requires from employees and external advisors, and all employees should co-operate with its requests.
- 14.3 The Committee may obtain external professional advice as deemed necessary at the Society's reasonable expense.

**Metropolitan Police Friendly Society Ltd**  
**MEMBER COMMITTEE**  
**Terms of Reference**



**Purpose**

The purpose of the Member Committee is to put the member and the police family at the centre of what the Metropolitan Police Friendly Society Ltd (“MPFS”) does, taking opportunities to improve the trust in MPFS and look after their wellbeing through member interaction to review the members’ experience and journey throughout the Society.

The Member Committee will listen to its members and wider police and staff bodies to understand their needs. The Committee may be asked to approve actions that support a stronger brand and product(s) for all where these approvals fall outside the executives’ authority.

Where the Board has delegated authority to the committee in relation to its duties and responsibilities, the committee is authorised to make decisions on behalf of the Board.

**1. Guiding Principles**

As a Mutual Society, MPFS has a duty to act in the interests of its members and to ensure members are treated fairly. To this end the committee will adopt the following guiding principles:

- 1.1 Seek to understand members and their differing needs.
- 1.2 To examine the member experience with MPFS to identify potential improvements and developments in products and engagements.
- 1.3 Support and challenge the executive to be creative and innovative with new ideas that respond to the genuine needs of our members, whilst being aware of our competitors.
- 1.4 To explore new products and ideas, capturing our members’ needs to deliver the strategic objectives. The Member Committee can be tasked by other committees for a members’ view and understanding ensuring we are a relentless ally of the police, police staff and their families in the financial arena.
- 1.5 Review Members’ complaints and concerns with a view to learning and ensuring Members are treated fairly. Learning will be shared with the relevant committees of MPFS.

**2. Duties and Responsibilities**

To meet its purpose the Committee shall:

- 2.1 Ensure MPFS holds structured meetings with policing bodies who are influential, understand the changing needs of members, and attend relevant events. These may include staff associations and other bodies that act for groups of the police family and the MPFS Advisory Group. The Committee will consider themes arising from such meetings when presented by the executive team.
- 2.2 Suggest and consider additional services to support our vulnerable members.
- 2.3 Ensure that Metfriendly’s benevolent spend is targeted to meet the current needs of the membership and wider affinity group, in a practical and relevant manner.
- 2.4 Review Consumer Duty MI, discuss member outcomes and provide guidance, support and challenge where appropriate to the Executive, to improve member outcomes.

**3. Membership**

- 3.1 At the first meeting after each Annual General Meeting (AGM) taking into account any recommendations from the Remuneration, Nomination and Governance Committee, the Board will appoint from its NEDs the Chair of the Committee and at least one other member.

- 3.2 At all times the Committee must have two independent non-executive members. The Membership Support Director will be a member and entitled to vote. Other Executives and staff members may attend by invite but will not count towards the quorum.

#### **4. Quorum**

- 4.1 The quorum for a meeting is three. Each member appointed under 3.1 and present shall have one vote; if votes are equal the Committee Chair has a casting vote. A member may be present and included in the number counted for the quorum if attending remotely.
- 4.2 In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.

#### **5. Meeting Arrangements**

- 5.1 The Committee will meet three times a year as a minimum.
- 5.2 The Society Secretary or their nominee, shall act as Secretary of the Committee and will ensure that Committee members receive notice of each meeting at the same time, with the agenda and relevant meeting papers in sufficient time to enable full and proper consideration to be given to issues.

#### **6. Minutes of Meetings**

- 6.1 Minutes of the proceedings and resolutions of all meeting shall be kept and will include the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated to all members of the Committee

#### **7. Reporting Responsibilities**

- 7.1 The Committee Chair shall report to the Board on its proceedings after each Committee meeting.
- 7.2 The Committee shall report on its activities for inclusion in the Society's annual report.
- 7.3 The Chair of the Committee shall respond to any questions on the Committee's activities at the Annual General Meeting.
- 7.4 The Chair of the Committee shall review the Committee's terms of reference to ensure maximum effectiveness and recommend changes to the Committee for their approval.

#### **8. Authority and Rights**

- 8.1 The Committee may investigate any activity within its terms of reference.
- 8.2 It should only incur costs with the agreement of the Board or subject to a special budget granted by the Board for a specific purpose.
- 8.3 It may seek information it requires to fulfil its Duties and Responsibilities from any employee and all employees should co-operate with the requests.



## **1. Purpose**

The purpose of the With-Profits Advisory Arrangement (“WPAA”) is to enable the Society’s management of its with-profits business to be reviewed in greater detail than at regular Board meetings, to work with and consider the advice of the WPA and to provide independent judgement as required by the FCA. In particular, the Board has directed the WPAA to oversee:

- 1.1 the Principles and Practices of Financial Management (“PPFM”); and
- 1.2 bonus recommendations to the Board.

## **2. Duties and Responsibilities**

2.1 The WPAA shall assess, report on, and provide clear advice and, where appropriate, recommendations to the Board on:

- 2.1.1 the way in which the Society’s with-profits fund is managed and whether this is properly reflected in the Society’s PPFM;
- 2.1.2 whether the Society is complying with the principles and practices set out in the PPFM;
- 2.1.3 whether the Society has addressed effectively the conflicting rights and interests of with-profits policyholders and other policyholders or stakeholders in a way that is consistent with FCA Principle 6 (treating customers fairly) & Principle 12 (Consumer Duty); and
- 2.1.4 any other issues with which the Board or WPAA considers with-profits policyholders might reasonably expect the WPAA to be involved

2.2 The responsibilities of the WPAA shall be to give appropriate consideration to:

- 2.2.1 the identification of surplus and excess surplus, the merits of its distribution or retention and the proposed distribution policy;
- 2.2.2 how bonus rates, smoothing and, if relevant, market value reductions have been calculated and applied;
- 2.2.3 the relative interests of policyholders with and without valuable guarantees;
- 2.2.4 with-profits customer communications such as annual policyholder statements and product literature and whether the WPAA wishes to make a statement or report to with-profits policyholders in addition to the annual report made by the Society;
- 2.2.5 any significant changes to the risk or investment profile of the with-profits fund including the management of material illiquid investments and the Society’s obligations in relation to strategic investments;
- 2.2.6 the Society’s strategy for future sales supported by the assets of the with-profits fund and its impact on surplus;
- 2.2.7 the impact of any management actions planned or implemented;
- 2.2.8 relevant management information such as customer complaints data (but not necessarily information relating to individual customer complaints);
- 2.2.9 the drafting, review, updating of and compliance with run-off plans, court schemes and similar matters; and
- 2.2.10 the costs incurred in operating the with-profits fund;
- 2.2.11 any strategic investment or cost of benevolent activity
- 2.2.12 the impact of regulatory developments, that affect the management of the Society’s with-profits business
- 2.2.13 report to members any relevant or exceptional issues as the WPAA determines.

2.3 The WPAA shall carry out any other tasks and exercise responsibilities set out in the Conduct of Business Sourcebook, being part of the Handbook of Rules and Governance published by the Financial Conduct Authority (COBS).

2.4 The Society undertakes to provide the WPAA with such resources necessary to carry out the role, including, but not limited to, matters covered in COBS.

### **3. Appointment**

The WPAA will be appointed by the Board at its first meeting after each Annual General Meeting (“AGM”). The WPAA thus appointed must have the appropriate skills, knowledge and experience to perform the role set out in 2.1 and 2.2 above.

### **4. Frequency of Meetings**

The WPAA will normally meet with the Society’s management at least four times a year including at least two meetings attended by the WPA.

### **5. Authority and Rights**

5.1 The WPAA may investigate any activity within his/her terms of reference and may seek any information he/she requires from employees and external advisors, and all employees should cooperate with his/her requests.

5.2 The WPAA will work closely with the WPA and obtain the WPA’s opinion and input as appropriate.

5.3 The WPAA must:

5.3.1 advise the Board on the suitability of candidates proposed for appointment as the WPA; and

5.3.2 assess the performance of the WPA at least annually, and report its view to the Board.

5.4 The WPAA may obtain outside professional advice, and may communicate with members regarding matters affecting with-profit policyholders which the WPAA believes have not been satisfactorily addressed by the Society, at the Society’s reasonable expense.

### **6. Reporting Procedures**

The WPAA will report direct to the Board.