

TERMS OF REFERENCE FOR THE TUNBRIDGE WELLS FUND ADVISORY PANEL

1.2.1 Purpose

(a) The Tunbridge Wells Fund Advisory Panel (the "**Panel**") acts in an advisory capacity to inform decision-making by the Forester Life Board (the "**FL Board**") in relation to the management of the Tunbridge Wells Fund (the "**Fund**").

(b) The Panel will consider relevant matters affecting policyholders generally (or matters which affect sub-groups of policyholders), rather than individual cases.

(c) The TWEFS Instrument of Transfer (the "**Instrument**") requires that the Panel will remain in place until the Fund is closed in accordance with the terms of the Instrument.

1.2.2 Authority

In discharging its responsibilities the Panel may:

- investigate any matters related to these terms of reference and have such direct access to the resources of Forester Life ("**FL**") as it may reasonably require;
- require relevant information and assistance from directors and relevant employees and officers of any company within the FL Group;
- obtain and take into account legal or other independent advice and obtain reasonable and appropriate funding for the payment of relevant fees and expenses; and
- consult and take into account the views of the With-Profits Actuary of the Fund.

The Panel has no executive decision-making authority. The Panel is authorised to consider any matter within its terms of reference and to make recommendations to the FL Board it deems appropriate within its terms of reference.

1.2.3 Responsibilities

The responsibility of the Panel is to provide an independent view on the management and operations of the Fund and in particular adherence to the terms and conditions outlined in the Instrument. The Panel will assess, report on and give advice (and, where relevant, recommendations) to the FL Board on:

- whether it considers FL has met its regulatory responsibilities to the Fund's policyholders and in particular, the obligations to pay close regard to their reasonable expectations;
- whether it considers FL has complied contractually with its responsibilities relating to the Instrument;
- the way in which the Fund is managed and whether this is in accordance with its Principles and Practices of Financial Management ("**PPFM**");
- whether FL has addressed appropriately and effectively the conflicting rights and interests of with-profits policyholders and other policyholders

- or stakeholders of the Fund in a way that has paid due regard to their interests and has treated them fairly in the management of their policies, the Fund and any proposed actions affecting them;
- the treatment of debits and credits to the Fund and the consistency of their treatment in line with the Instrument;
 - any other issues with which the Fund's policyholders might reasonably expect the Panel to be involved.

The Panel will decide on the specific matters it will consider in order to enable it to carry out these responsibilities as appropriate to the particular circumstances of the Fund.

1.2.4 Compliance with Responsibilities

In complying with its responsibilities, the role of the Panel is:

1. to consider issues arising from FL's proposals in relation to the management of the Fund, including adherence to the PPFM, the FCA's Conduct of Business Sourcebook and the Fund's run-off plan;
2. to consider any proposals to change the financial management of the Fund (including related changes to the published PPFM);
3. to consider the impact of any proposed or implemented management actions;
4. to consider and challenge recommendations for the setting and application of bonus rates, market value reductions and policy surrender values, including consideration of:
 - the identification of the amount of surplus and excess surplus potentially available for distribution from the Fund;
 - proposed distributions (including consideration of the merits of distributing or retaining identified surplus and the proposed distribution policy);
 - smoothing; and
 - charges for the cost of the various guarantees contained in with-profits policies (and the relative interests of policyholders with different guarantees, if relevant);
5. to review the approach to the investment policy of, and the provision of investment management to, the Fund;
6. to consider risks to the Fund and its policyholders, any significant changes to those risks and their mitigation;
7. to review relevant management information and consider FL's practices in connection with the fair treatment of the Fund's policyholders, including reviewing and monitoring the level and nature of complaints in the Fund;
8. to consider the costs charged and items credited to the Fund for its operation and ensure that these are in accordance with the Instrument;
9. to consider updates, clarifications or corrections to the published PPFM as and when appropriate, together with any communications it is intended will be sent to policyholders explaining such changes;
10. to consider and recommend approval of the proposed annual report to the Fund's policyholders from the FL Board;

11. to consider FL's other communications to the Fund's policyholders, such as annual statements, and make appropriate recommendations;
12. to consider whether the Panel wishes to make an annual report, or other statement, to the Fund's policyholders (including any that the regulator may request FL to carry out);
13. to consider and recommend to the FL Board independent oversight of the exercise of discretion in the operation of the Fund's with-profits business and the advice provided by the Fund's With-Profits Actuary as and when necessary;
14. to advise the FL Board on the suitability of any candidate proposed for appointment as the With-Profits Actuary to the Fund and to provide the FL Board with its assessment of the performance of the Fund's With-Profits Actuary at least annually;
15. to review, and consider the impact of, any other proposals or decisions affecting the Fund and/or its governance;
16. to ensure that any proposal to close the Fund is in accordance with the requirements contained in the Instrument;
17. to consider any significant changes to the risk or investment profile of the Fund, including the acquisition and management of any material illiquid investments and non-investment related strategic assets;
18. to consider relevant Forester Life's responses to regulatory changes affecting the Fund;
19. to consider whether any part of the with-profits sub-fund meets the requirements to be a separate with-profits fund;
20. to consider the use and purpose of, and the terms under which, support assets are available to the fund; and
21. to consider any other matter affecting, or with the potential to affect, the policyholders in the Fund and the Fund.

1.2.5 Membership

The Chairman and other members of the Panel will be appointed by the FL Board.

The Panel shall consist of at least 3 members at least half of whom will be independent of FL.

The FL Board shall ensure that any person appointed as a member of the Panel has the appropriate skills, knowledge and experience to carry out the role and responsibilities as described above.

1.2.6 Meetings and Decisions

The Panel will meet at least quarterly and at such other times as the Chairman shall determine.

The quorum for any meeting (or decision by written procedure) will be at least half the number of members, with at least half the members present being independent.

The Panel will work closely with the Fund's With-Profits Actuary who will attend all meetings. Directors of FL who are not members of the Panel can attend any meeting at the invitation of the Chairman. Other members of FL senior management may attend as necessary.

A separate part of each meeting may be set aside for private discussion by the Panel if it so wishes.

The Fund's With-Profits Actuary or any member of the Panel may make a request to the Chairman for a meeting at any time if they consider that one is necessary.

Unless otherwise agreed, notice of each meeting, however held, shall be forwarded to each member of the Panel and the Fund's With-Profits Actuary, and any other person invited to attend, no later than 5 working days before the date of the meeting.

A meeting can take place by conference call or other means provided it meets the quorum requirements and all the participants can communicate effectively. The Panel may pass resolutions or decisions by written procedure and such resolutions or decisions will be valid when written confirmation (which includes email) has been received from a majority of members sufficient to meet the quorum requirements. Members will be required to provide their signed resolution to the Chairman or the Secretary.

The Secretary shall be FL's Company Secretary or its nominee. Full records will be kept of all requests of and material produced by the Panel, and all significant interactions between the Panel and the Board.

The Chairman shall report formally to the FL Board on its proceedings after each meeting.

6.2.7 Reporting Responsibilities

Following approval of the content by the Panel, the Secretary shall circulate the minutes to the FL Board. The minutes shall be in sufficient detail to form the formal report from the Panel as regards the carrying out of its responsibilities.

6.2.8 Responsibilities of FL

The FL Board will ensure that, in the context of its consideration of issues referred to in these terms of reference, it:

- obtains, as relevant, assessments, reports, advice and/or recommendations of the Panel, if the FL Board or the Panel considers that

- significant issues concerning the interests of the Fund's policyholders need to be considered by the FL Board;
- allows the Panel sufficient time to enable it to provide fully considered input on the issues to be considered;
 - considers fully and gives due regard to the input of the Panel when determining issues concerning the management of the Fund and the interests of its policyholders;
 - sets out fully its reasons for any material departure from the advice or recommendations of the Panel and allows the Panel a reasonable period to consider them and respond;
 - considers any further representations from the Panel and, if appropriate, sets out fully any additional reasons if it continues to depart from the Panel advice or recommendations.
 - provides the Panel with sufficient resources as it may reasonably require to enable it to perform its role effectively including, at FL's expense appropriate and reasonable, external legal or other professional advice on any matters within its terms of reference;
 - notify the FCA of the decision of the FL Board to depart from the advice or recommendation of the Panel if the Panel considers that the issue is sufficiently significant and prejudicial to policyholders and requests the FL Board that the FCA be informed;

The FL Board will consult the With-Profits Actuary on the appointment of a new member of the Panel and with the Panel on the appointment of a new With-Profits Actuary for the Fund.

The FL Board will also ensure that the Panel operates in accordance with these terms of reference and that these terms of reference are made available on FL's website.