

FAMILY ASSURANCE FRIENDLY SOCIETY

MEMBER, CUSTOMER & CULTURE SUB-COMMITTEE

TERMS OF REFERENCE

(as adopted by the Society's Board of Directors on 5th December 2023)

1. Membership

- 1.1. Membership of the Member, Customer & Culture Sub-Committee ("the Committee") will be appointed by the Board of Directors of the Society ("the Board") on the recommendation of the Nominations Sub-Committee in consultation with the Committee Chair. The Committee will be made up of at least 3 members.
- 1.2. Membership of the Committee shall comprise of at least 2 independent non-executive directors of the Society and at least 1 member of the Executive (who need not be a Board director). The Chief Risk Officer and the People Services Director will be invited to attend all meetings of the Committee.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other directors and other individuals (including representatives of external advisers) may be invited to attend all or part of any meeting as and when appropriate in the opinion of the Committee's Chair or the majority of its members.
- 1.4. The Board will appoint the Chair, who will also act as the Board's champion for the FCA Consumer Duty.
- 1.5. In the absence of the Chair and/or an appointed deputy, the remaining members present will elect one of themselves to chair the meeting.
- 1.6. The Chair of the meeting will be entitled to a casting vote in addition to any other vote he/she may have.

2. Secretary

- 2.1. The Secretary of the Society, or any other person selected for the task by the Committee, will act as the Secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business will be 3 members of the Committee, two of whom must be non-executive directors. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of meetings

- 4.1. The Committee will meet at least 3 times a year at appropriate intervals and otherwise as required.
- 4.2. Outside of the formal meeting programme, the Chair will maintain a dialogue with key individuals involved in the Society's governance, including the Chair of the Board, the Chairs of other Sub-Committees of the Board, the Chief Executive Officer, the Chief Finance Officer, and the Chief Risk Officer.

5. Notice of meetings

- 5.1. Meetings of the Committee will be convened by the Secretary of the Committee at the request of any of its members.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, will be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting.
- 5.3. The Secretary will ensure that each member of the Committee (and any other attendee as appropriate) receives information and papers in a timely manner to enable proper consideration to be given to issues.

6. Minutes of meetings

- 6.1. The Secretary will minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. Draft minutes of Committee meetings will be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, other than where, in the opinion of the Chair, it would be inappropriate to do so.

7. Annual General Meeting

- 7.1. The Chair should attend the Society's Annual General Meeting to answer member questions on the Committee's activities.

8. Duties

- 8.1. The purpose of the Committee is to oversee the successful delivery of the Group's agreed values and desired culture including D&I strategy. To ensure robust performance of the Group as it acts to deliver good outcomes for retail customers; to promote good governance of the strategy and activities of the Group in relation to its customers, members and colleagues and the products (with the exception of With Profits products) and services that it provides to them; and to oversee community-related strategies.
 - a) Monitor through agreed KPIs (e.g colleague engagement, CSat etc.) the successful delivery of the Group's agreed values and desired culture, including the Employee Value Proposition, making any relevant recommendations for improvement to the Board;
 - b) Review, and recommend to the Board, the Group's plans for meeting regulatory expectations in relation to the FCA's Consumer Duty;
 - c) Review, and recommend to the Board at least annually, an assessment of whether the Group is delivering good outcomes for its customers in line with FCA's Consumer Duty expectations, including actions to be taken to address any gaps identified;
 - d) Review, and recommend to the Board where appropriate, the Executive's plans in relation to the Group's customer, community and broader corporate responsibility strategy, and the Society's membership. Review performance against these plans;
 - e) Review the definitions of good outcomes for customers using the Group's products and services;
 - f) Review membership related strategy including allocation of membership rights and provision of member benefit, making recommendations to the Board as necessary.

- g) Review the Society's approach to member and customer engagement, including the response to any significant themes of concern that are raised;
- h) Review the Product and Proposition Framework from a Consumer Duty perspective, making recommendations to the Risk Sub-Committee and Board as appropriate;
- i) Review all new product proposals and significant changes to existing products from a Consumer Duty perspective, and with regard to Environmental, Social and Governance factors, making recommendations to the Risk Sub-Committee and Board as appropriate;
- j) Have oversight of any membership, customer and community related issues considered by the Risk Sub-Committee and where appropriate, monitor delivery of actions escalated from the Risk Sub-Committee;
- k) Make recommendations to the Risk Sub-Committee in relation to potential amendments to the risk framework;
- l) Review and approve policies on behalf of the Board as delegated to it by the Board from time to time.

9. Reporting responsibilities

- 9.1. The Chair will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, including how it has discharged its responsibilities.
- 9.2. The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The Committee will produce a report to be included in the Society's annual report and accounts, describing the Committee's work and how it has discharged its responsibilities.

10. Other

- 10.1. The Committee will:
 - a) Have access to sufficient resources in order to carry out its duties, including access to the Secretariat for assistance as required;
 - b) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
 - c) Give due consideration to applicable laws and regulations, the Society's Rules, the provisions of the relevant UK corporate governance code, and the requirements of the Prudential Regulation Authority and the Financial Conduct Authority Handbooks and any other applicable rules, as appropriate;
 - d) Oversee any investigation of activities which are within its terms of reference;
 - e) Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
 - f) Work and liaise with as necessary with all other Board sub-committees.

11. Authority

11.1. The Committee is authorised to:

- a) Seek any information it requires from any employee of the Society in order to perform its duties;
- b) Obtain, at the Society's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- c) Call any employee to be questioned at a meeting of the Committee as and when required;
- d) Have the right to publish in the Society's annual report details of any issues that cannot be resolved between it and the Board;
- e) Review and approve policies on behalf of the Board, as delegated to it by the Board from time to time;
- f) Delegate any of its duties as it is appropriate to such person or persons as it thinks fit.