



Terms of Reference of the Independent Person for the With-Profits Fund and the Manulife Fund

Roles and responsibilities

The reports and recommendations by the With-Profits Actuary are discussed and reviewed by the Finance Committee before any recommendations are sent to the Board of Canada Life Limited (CLL).

In addition, an Independent Person (who is employed by Deloitte's) will assess, report on, provide clear advice and, where appropriate, give recommendations to the Board of CLL on:

- i. the way in which the two with-profit funds are managed by CLL and whether this is properly reflected in their respective Principles and Practices of Financial Management (PPFM).
- ii. whether the actual operations of the two with-profit funds comply with their respective PPFMs.
- iii. any other issues with which the Independent Person considers with-profits policyholders might reasonably expect the Independent Person to be involved.

The Independent Person will work closely with the With-Profits Actuary and obtain their input and opinions as necessary.

The Finance Committee's role is to consider and review the reports and recommendations by the With-Profits Actuary. Members of the Finance Committee include:

- The Chief Financial Officer;
- Chief Executive Officer, UK Division;
- Chief Risk Officer (Europe);
- The Head of Actuarial Function; and
- The Chief Accountant.

Further terms of reference of the independent person

In addition to the basic responsibility described above, the Independent Person is:

- i. to consider, and comment as appropriate, on the fairness of the treatment of conflicting rights and

interests of with-profits policyholders in papers to be submitted to the Finance Committee or Board that contain recommendations in connection with the Company's with-profit funds for the following activities:

- the approach to smoothing,
 - the setting of bonus rates,
 - the level of surrender values,
 - the setting of investment strategy, and
 - any significant transactions that may affect the balance of interests between different groups of with-profits policyholders, other policyholders (if appropriate) and shareholders.
- ii. to consider any other potential issues arising in connection with the exercise of discretion in the operation of the Company's with-profit funds.
 - iii. to consider, and recommend approval (as appropriate) of changes in a PPFM and/or Customer Friendly PPFM.
 - iv. to consider other relevant matters (as and when appropriate) including:
 - The identification of surplus and excess surplus, and the merits of its distribution or retention and the proposed distribution policy.
 - Any significant changes to the risk or investment profile of the two with-profits funds.
 - The impact of any management actions planned or implemented.
 - The drafting, review, updating of and compliance with run-off plans, court schemes and similar matters.
 - The costs charged for operating each of the two with-profits funds.
 - v. to consider whether to make a statement or issue its own report to the with-profit policyholders in addition to the annual reports made by CLL.
 - vi. to advise the Board on the suitability of candidates proposed for appointment as the With-Profits Actuary.

vii. to assess the performance of the With-Profits Actuary at least annually and report this to the Board.

Policyholder communication and the review of relevant management information such as customer complaints data is separately considered by internal committees that report to the Audit Committee. The Independent Person may ask for and review this material. Any material issues on these matters can be referred by the relevant committee to the Independent Person for review as appropriate.



Canada Life

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