

WESLEYAN ASSURANCE SOCIETY ACT 1989

RULES OF WESLEYAN ASSURANCE SOCIETY

(adopted by Special Resolution passed on the Seventh day of May 2010
and amended by Special Resolutions passed on the Fifth day of May 2011
the Third day of May 2012 and the Twenty Third day of May 2019, the Eighteenth day of
June 2020 and the Twenty Sixth day of May 2022)

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PART 1

INTERPRETATION

1. (1) In these Rules unless the subject or context otherwise requires-

“Act of 1989” means the Wesleyan Assurance Society Act 1989;

“Act of 2000” means The Financial Services and Markets Act 2000;

“Act of 2006” means the Companies Act 2006;

"actuary" means the actuary for the time being appointed by the directors in accordance with the Act of 2000 and in relation to a separate or hypothecated fund in respect of business arising in a territory or territories outside the United Kingdom shall include any person appointed by the directors as actuary or as a temporary or assistant actuary of that fund;

“associate member” shall mean any customer of the Society's group as the directors may determine to be called an associate member or other similar title under the provisions of Rule 5.(2);

"auditors" means the auditors for the time being appointed by the Society in accordance with the statutes and these Rules;

"the Board" means the board of directors of the Society;

“chair” has the meaning given in Rule 14;

“chief executive” means any director of the Society appointed by the Board as a chief executive or managing director of the Society irrespective of the actual title used;

"corporation" includes a company wheresoever incorporated and any body of persons, corporate or unincorporated;

"directors" means the directors of the Society for the time being;

“electronic form” has the meaning given in Section 1168 of the Act of 2006;

"existing" means existing immediately before the commencement of the Act of 1989;

“hard copy form” has the meaning given in Section 1168 of the Act of 2006;

"insurance" means a contract by the Society for the payment of any money or the conferring of any benefit on the happening of any contingency or event whether dependent on or connected with life or not or for the payment of any annuity and includes a contract formerly designated assurance;

“Investment Firm” means Wesleyan Financial Investments Limited (Company Number 13847521);

“investment product” means a product operated by the Investment Firm;

"life insurance" means a contract by the Society for the payment of money or the conferring of any benefit on the happening of any contingency or event dependent on or connected with life;

"the laws of the Society" means the provisions of the Act of 1989 and the Rules;

"member" means a member of the Society as defined in Part 4 of the Rules;

"Non-Qualifying Policy" means any policy of insurance issued by the Society on or after the first day of June 2020 which:

- (a) does not entitle the policyholder to participate in any profits or surplus of the Society (other than the profits described below in this definition); and
- (b) is described as a "non-qualifying policy", or it is otherwise described that it is not a Qualifying Policy, in the policy terms and conditions,

notwithstanding that such policy may entitle the policyholder to participate in the profits of any with profits investment fund in which that policy is invested;

"Non-Qualifying Policyholder" means a policyholder of a Non-Qualifying Policy;

"ordinary resolution" has the meaning given in Section 282 of the Act of 2006 (being a resolution passed by a simple majority);

"policy" means the instrument evidencing an insurance;

"principal office" means the head office of the Society in the City of Birmingham or at such other place in England as the directors may from time to time determine which shall for the purposes of the Act of 2006 be its registered office;

"Qualifying Date" means the Twenty-ninth day of April 1998;

"Qualifying Policy" means:

- (a) any subsisting policy of insurance issued by the Society prior to the Qualifying Date in the ordinary life insurance department;
- (b) any subsisting policy of insurance issued by the Society prior to the Qualifying Date in any department other than the ordinary life insurance department where the premiums payable are increased on or after the Qualifying Date by an amount of £25 per month or more;
- (c) any subsisting policy of insurance issued by the Society prior to the Qualifying Date in any department other than the ordinary life insurance department where an additional single premium (other than a single premium received from the Department of Social Security or any successor department) results in additional benefits being allocated to such policy with an allocation date on or after the Qualifying Date; or
- (d) any policy of insurance issued by the Society on or after the Qualifying Date, other than a Non-Qualifying Policy,

provided that any policy which has lapsed and is incapable of being revived by the policyholder and has no value shall not be a Qualifying Policy.

"Qualifying Product" means (unless the terms and conditions for the product expressly state that it is not a "Qualifying Product" for the purpose of these Rules) an investment product operated by the Investment Firm.

"Rules" means the Rules of the Society for the time being in force which constitute the Articles of the Society for the purposes of the Act of 2006;

"secretary" means the person for the time being appointed by the directors to perform the duties of the secretary of the Society and shall include a joint, deputy, temporary or assistant secretary;

"the Society" means the Wesleyan Assurance Society;

"special resolution" has the meaning given in section 283 of the Act of 2006 (being a resolution passed by a majority of not less than 75%);

"the statutes" means the Act of 2000 and those provisions of the Act of 2006 and any other public general Act for the time being in force which for the time being affect or apply to the Society and shall include any statutory instruments and regulations made under any such statutes;

"territory" means any country, state, district or place;

"Transfer" means any insurance business transfer scheme under the Act of 2000 or any transfer of engagements under the Friendly Societies Act of 1992

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- (2) The Interpretation Act 1978 shall apply for the interpretation of the Rules as it applies for the interpretation of an Act of Parliament.
- (3) Unless the context otherwise requires or words or expressions are expressly defined in these Rules, other words or expressions contained in these Rules bear the same meaning as in the Act of 2006 as in force on the date of adoption of these Rules.
- (4) The index of the Rules and the headings to the Rules are inserted for convenience only and shall not affect the interpretation of the Rules.

PART 2

OBJECTS

2. (1) The objects of the Society are:-
 - (a) to grant all such insurances with or without the right to participate in the surplus or profits of the Society for the payment of money or the conferring of any benefit on the happening of any contingencies or events whether dependent on or connected with life or not and to grant all such annuities and benefits of all kinds as may by law be granted and as the directors may think fit to grant;
 - (b) to re-insure such part of all or any of the risks of the Society and undertake such risks by way of re-insurance as the directors may from time to time think fit;
 - (c) to undertake or hold the office of executor, administrator, trustee, manager or receiver and any other office or position of trust or confidence either for remuneration or gratuitously and to perform and discharge the duties and functions incident to any such office or position and to transact all kinds of trust business;
 - (d) to purchase, deal in and lend money on the security of freehold and leasehold property;
 - (e) to promote, establish, manage and carry on any unit trust scheme and to undertake all kinds of financial business and to acquire and deal in all kinds of securities and other properties;

- (f) to carry on the business of banking in all its branches, and to transact and do all matters and things incidental thereto, or which may at any time hereafter be usual in connection with the business of banking;
 - (g) to enter into contracts for the establishment, accumulation, provision and payment of sinking funds, redemption funds, depreciation funds and any other special funds whether in consideration of a single payment or of an annual premium or otherwise and generally on such terms and conditions as may be arranged;
 - (h) to purchase and deal in and lend money on the security of life, reversionary and other interests in property of all kinds whether absolute, contingent or expectant and whether determinable or not and to acquire, lend money on, redeem, cancel or extinguish by purchase, surrender or otherwise any policy, annuity, security or contract issued, made, taken over or entered into by the Society;
 - (i) to act as the agent for the issue of any shares, stock, debentures, debenture stock, mortgages, bonds, bills or other securities or obligations, whether or not offered to the public for subscription, and to guarantee or underwrite the subscription of any such types of securities or obligations and to subscribe for any of the same conditionally or otherwise;
 - (j) to carry on any business or activity which in the opinion of the directors may be advantageously carried on in connection with or as ancillary to any of the businesses or activities authorised by this Rule or which the directors consider is calculated to enhance directly or indirectly the value of any of the Society's undertaking, property or assets;
 - (k) to establish or form or assist in establishing or forming or to acquire any corporation, society, institution, association or trust, constituted or regulated in any part of the world and by any laws for the purpose of carrying on any business which the Society is empowered to carry on or for the purpose of acquiring the undertaking of the Society, or any part thereof, and to hold any interest in any such corporation, society, institution, association or trust, and to act as the holding company, proprietor or otherwise howsoever in relation thereto;
 - (l) to do all or any of the above things in any part of the world either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise.
- (2) None of the objects set forth in each sub-paragraph of paragraph (1) above shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in the same or any other sub-paragraph, or by reference to or inference from the name of the Society.

PART 3

POWERS

3. The Society shall have power in aid of its objects and for the purposes thereof-

- (1) to do all such things as are specified in Rule 2;
- (2) to purchase, take on lease or in exchange or by way of security of any kind, hire or otherwise acquire any real, personal, heritable or movable property and any rights or privileges which the Society may think necessary, convenient or capable of being profitably dealt with in connection with any of the property, business or rights for the time being of the Society;

- (3) to sell, exchange, mortgage, charge, lease, manage, farm, maintain, build upon, develop or otherwise improve, dedicate to the public or otherwise deal with or dispose of the lands of the Society or any part thereof or any estate or interest therein or relating thereto as the directors think fit;
- (4) to borrow or raise money of such amounts and in such currencies and to secure the repayment of all money due by the Society and also to secure other debts and obligations of the Society all in such manner and on such terms as shall seem expedient and without prejudice to the generality of the foregoing to issue deferred shares, subscription shares, debentures or debenture stock or other securities (perpetual or otherwise) and to obtain advances by overdraft or to borrow money from any one or more banks, corporations, persons or others and to grant, charge or deposit from the moneys, funds and property of the Society or any part thereof such securities as may be arranged for any such advances or borrowings or for any such other debts or obligations and to redeem, purchase or pay off such securities;
- (5) to invest, lend out and generally deal with the moneys of the Society not immediately required in such manner and upon such terms as the directors may think proper;
- (6) to sell, exchange, improve, manage, develop, enfranchise, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property, investments, securities, assets or rights of the Society;
- (7) to act as managers, trustees or secretaries of or as nominees for the managers, trustees or secretaries of any superannuation fund, pension scheme, life insurance scheme, permanent health insurance scheme or of any person or corporation and to undertake the office and duties of and to exercise powers conferred by law or by deed on trustees, executors administrators, attorneys and the like;
- (8) to provide advice and supervisory services on all financial matters and to act as investment managers, investment consultants and agents for any superannuation fund, pension scheme, life insurance scheme or any other fund or any person or corporation;
- (9) to enter into arrangements with any government or authority, supreme, municipal, local or otherwise and to obtain from any such government or authority all rights, concessions and privileges that may seem conducive to the attainment of the objects of the Society or any of them;
- (10) to enter into and carry into effect any contract or agreement for purchasing, acquiring or taking over all or any of the business, property, rights and liabilities of or amalgamating with or acquiring an interest in any other society, association or corporation carrying on any business or undertaking within the objects of the Society or capable of being conducted so as directly or indirectly to benefit the Society or for undertaking, paying and performing all or any of the insurances, annuities and engagements of any such other society, association or corporation or for selling or otherwise disposing of all or any of the business, property, rights and liabilities of the Society to any other society, association or corporation;
- (11) to give to any persons or any class or section of persons who are insured or insure or have other dealings with the Society or one of its subsidiaries whether such persons or class or section of persons may or may not be members of the Society any right over or in relation to a fund or funds, or a right to participate in the profits of the Society or in the profits of any particular branch or department of its business either equally with other persons or classes or sections of persons or otherwise or any preference in ranking or other right, privilege, advantage or benefit, and to appropriate and set apart any such fund or funds for these or other specific purposes whether by way of trust or otherwise and with or without appropriation of specific investments;
- (12) to establish, maintain and subsidise non-contributory and contributory pension, insurance, death or other benefit schemes and funds and grant pensions, annuities, gratuities, donations, allowances, bonuses or any other benefits to directors or former directors, officers or former officers, employees

or former employees of the Society or of any corporation which is a subsidiary of the Society or is allied to or associated with the Society or the relations, dependants and personal representatives of any such persons, and to establish, subsidise or support associations, companies, institutions, clubs, funds, schemes, trusts or other conveniences and contribute to any companies, trusts, associations or other bodies to secure life insurance, medical or other benefits which may be considered calculated to benefit any such persons or otherwise advance the interests of the Society or of any such corporation or the members;

- (13) to subscribe, covenant or guarantee money to or for charitable or benevolent or other useful objects whether connected with the business of the Society or otherwise;
- (14) to draw, accept, endorse, discount, execute and issue bills of exchange and promissory notes and other negotiable or transferable instruments;
- (15) to enter into any arrangement for sharing profits, union of interest, joint adventure, reciprocal concession or co-operation or otherwise with any person, trust or corporation carrying on or engaged in, or about to carry on or engage in, any business or transaction which the Society is empowered to carry on or engage in or which is capable of being conducted so as directly or indirectly to benefit the Society, and take or otherwise acquire and hold shares, stock, debentures or debenture stock in or securities of and to subsidise or otherwise assist any person, trust or corporation, and to make and carry out arrangements for giving the Society entire or partial control or management or benefit of the business of any such person, trust or corporation and to guarantee dividends or interest on shares, stock, debenture stock, mortgages, bonds or securities of any such corporation;
- (16) to procure the Society to be registered or recognised in any part of the world, and to make any investments or deposits in such names and manner as may be required, and to comply with any conditions necessary or expedient in order to enable the Society to carry on business in any part of the world, and to establish or guarantee local societies or companies or branch offices constituted or regulated under or by local laws for the purpose of carrying on any business which the Society is authorised to carry on;
- (17) to establish or form or assist in establishing or forming or to acquire any corporation, society, institution, association or trust, constituted or regulated in any part of the world and by any laws for the purpose of carrying on any business which the Society is empowered to carry on or for the purpose of acquiring the undertaking of the Society, or any part thereof, or for any other purpose whatsoever that may seem conducive to any of the interests of the Society and to subscribe for, underwrite or otherwise acquire and hold shares, stock, debentures, debenture stock or any other interest in any such corporation, society, institution, association or trust and to place, assist in placing or otherwise dispose of such shares, stock, debentures, debenture stock or interest;
- (18) to sell the undertaking of the Society or any part thereof for such consideration as the Society may think fit and in particular for shares, stock, policies, debentures, debenture stock or other securities of any other corporation having objects altogether or in part similar to those of the Society;
- (19) to lend and advance money or give credit to, or otherwise subsidise and assist, such persons, trusts or corporations and on such terms as may seem expedient and in particular persons insuring or having other dealings with the Society;
- (20) to guarantee the performance of any contract or obligation and the payment of money of or by any person, trust or corporation, and generally to give guarantees, indemnities, bonds and warranties;
- (21) to accept money on deposit or for accumulation, at interest or otherwise;
- (22) to take, make, support or oppose any proceedings or application for obtaining Provisional Orders, Acts of Parliament or other legislative acts in the United Kingdom of Great Britain and Northern Ireland or elsewhere which, in the opinion of the Society may beneficially or adversely affect the Society or its members or some of them;

- (23) to remunerate any persons for services rendered or to be rendered in placing or assisting to place securities of the Society or in or about the conduct of the business of the Society;
- (24) to promote, subscribe to or become a member of or co-operate with any association, trust or corporation, having for its objects, or one of its objects, the benefit, authorisation, assistance, regulation or protection of bodies carrying on any business which the Society is empowered to carry on, or otherwise calculated to benefit the Society directly or indirectly and to undertake liabilities or give guarantees or indemnities as subscribers to or members of any such association, trust or corporation;
- (25) to do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise;
- (26) to do all such other things as may be considered incidental or conducive to the attainment of the objects of the Society or any of them.

PART 4

MEMBERS

- 4. (1) Each of the following will be a member of the Society (in the case of an individual whether a minor or of full age) and will continue to be a member of the Society as long as, he/she continues to meet one of the relevant membership criteria below:
 - (a) Any person to whom a Qualifying Policy or Qualifying Product is issued.
 - (b) Any person who becomes the policyholder of any Qualifying Policy or an investor in a Qualifying Product whether by assignment, transfer or other devolution of title.
 - (c) Any person who is an employee of the Society and makes additional voluntary contributions on or after the first day of May 2006 for pension entitlements under the Wesleyan Assurance Society Group AVC Policy.
- (2) Each of the following will not be a member of the Society (unless they also meet one of the criteria in sub-rule (1)) and therefore will not be entitled to receive notice of, attend, or have any rights to vote at any annual or other general meeting of the Society (nor, unless otherwise expressly provided for, have any other rights or liabilities under the Rules):
 - (a) The trustees of the Wesleyan Assurance Society Group AVC Policy.
 - (b) The trustee of a Qualifying Policy or Qualifying Product, unless the terms and conditions of the Qualifying Policy or Qualifying Product state otherwise. A policyholder of a Qualifying Policy or investor in a Qualifying Product may appoint the trustee of a Qualifying Policy or Qualifying Product as a proxy (enabling the trustee to exercise all or any of their rights to attend, speak and vote at a meeting of the Society), following the process set out in Rule 53 and Rule 54.
 - (c) Associate members.
 - (d) Non-Qualifying Policyholders.
- (3) If there is more than one policyholder in a Qualifying Policy or investor in a Qualifying Product each policyholder or investor is a member.

- (4) If a member of the Society is under 15 years of age the privileges and responsibilities of membership will be vested in the first named parent or guardian on such member's Qualifying Policy or Qualifying Product until the reach 15 years of age.
- (5) The directors may at any time by a resolution of the Board direct that in respect of any Qualifying Policy or Qualifying Product issued after the date of such resolution and/or in respect of any assignment, transfer or other devolution of title of a Qualifying Policy or Qualifying Product after that date no such policyholder or investor as referred to in sub-rule (1) shall become a member until after a qualifying period not exceeding two years calculated from the date of the issue of such Qualifying Policy Qualifying Product or the date of assignment, transfer or other devolution of title as the case may be.
- (6) Notwithstanding any of the foregoing provisions of this Rule:
 - (a) where the Society or the Investment Firm acquires any long-term business pursuant to a Transfer neither any policy which is transferred to the Society by virtue of such Transfer nor any policy issued by the Society after such Transfer but in pursuance of an application made to the transferring company or body prior to the effecting of such Transfer shall confer any rights of membership in the Society;
 - (b) If there is a disposal by the Society of the Investment Firm, any rights of membership conferred by holding a Qualifying Product shall cease; and
 - (c) where annuity business is effected with the Society by the Trustees of an occupational pension scheme to secure all or part of the accrued rights of 100 or more members of that scheme in a single transaction then neither any policy issued by the Society to the Trustees nor any policy issued subsequently by the Society to the individual members of that scheme under that arrangement shall confer any rights of membership in the Society.

PART 5

DIRECTORS

Directors powers and responsibilities

Management of the affairs of the Society vested in the Directors

5. (1) The management of the business and affairs of the Society (including therein the management of the property of the Society) shall be vested in the directors and the directors in addition to the powers and authorities by the laws of the Society expressly conferred upon them may exercise all such powers and do all such acts and things as may be exercised or done by the Society and are not by the laws of the Society or by the statutes directed or required to be exercised or done by the members at a meeting of the members of the Society but subject nevertheless to the provisions of the laws of the Society and the statutes and in particular but without prejudice to the generality of the foregoing the general duties of directors set out in the Act of 2006 shall apply to the Society (irrespective of whether or not such provisions apply to unregistered companies generally):

Provided that no Rule shall invalidate any act of the directors done before such Rule was made which would have been valid if such Rule had not been made.

- (2) without prejudice to the generality of Rule 5.(1) the directors may at any time confer upon any person firm or company:

- (a) taking out a product (other than a Qualifying Policy or Qualifying Product) that is provided or distributed by a member of the Society's group; or
- (b) receiving services from a member of the Society's group,

the title of "associate member" or any similar title or name determined by the directors and may, subject to the restrictions in this Rule, confer on or apply to any such associate member such discounts bonuses or other incentives as the directors may from time to time reasonably deem appropriate.

Directors may delegate

- 6. (1) Subject to the Rules and the statutes, the directors may delegate any of the powers which are conferred on them under the Rules
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;

as they think fit.
- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

Committees

- 7. (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Rules which govern the taking of decisions by directors, but such committees may specify a lower number of members of such committee to be the quorum for any meeting.
- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the Rules if they are not consistent with them.

Acts of directors and committees valid notwithstanding informalities

- 8. All acts done by any meeting of directors or of a committee of directors or by any person acting as a director shall notwithstanding it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid or that they or any of them were disqualified or had vacated office be as valid as if every such person had been duly appointed and was qualified and had continued to be a director.

Decision making by directors

Directors to take decisions collectively

- 9. Subject to the Rules, decisions of directors must be taken –
 - (a) at a directors' meeting, or

- (b) in the form of a directors' written resolution.

Proceedings of directors

10. Subject to the laws of the Society, the directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit and may make any rules which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors. Any meetings of the Board shall be commenced with prayer.

Quorum

11. The quorum necessary for the transaction of the business of the directors at a Board meeting may be fixed by the directors, but shall never be less than five, and unless and until otherwise so fixed shall be five. Unless a quorum is participating, no proposal shall be voted on except a proposal to call another meeting.

Calling a directors' meeting

12. (1) The chair or any chief executive for the time being of the Society or any two directors may call a directors' meeting.
- (2) The secretary must call a directors' meeting if the chair or any chief executive for the time being of the Society or any two directors so request.
- (3) A directors' meeting is called by giving notice of the meeting to the directors.
- (4) Notice of any directors' meeting must indicate –
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (5) It shall not be necessary to give notice of a meeting of the directors to any director for the time being absent from the United Kingdom unless such director is ordinarily resident outside the United Kingdom. Subject thereto, notice of directors' meeting must be given to each director and to the actuary, but need not be in writing.
- (6) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Society not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in directors' meetings

13. (1) Subject to the Rules, directors participate in a directors' meeting, or part of a directors' meeting, when –
- (a) the meeting has been called and takes place in accordance with the Rules, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever the majority of them are or, if no majority is in any particular place, where any of them is.
- (4) The actuary shall be entitled to attend directors' meeting and speak at such meetings on any matters which may in any way relate to or affect the performance of his functions as the actuary, but if the actuary is not also a director he may not vote at any such meeting and shall not be counted as part of the quorum for such meeting.

Chairing directors' meetings

14. (1) Subject to compliance with any provisions of the statutes the directors shall appoint a director as chair of the Society and the person so appointed for the time being is known as the chair.
- (2) The directors may appoint another director as deputy to chair directors' meetings in the chair's absence.
- (3) The chair shall chair all meetings of the Board at which he is present and in his /her absence any deputy chair shall chair any meeting of the Board. If at any time there be no chair or deputy chair or if at any meeting the chair and deputy chair are not present within ten minutes after the time appointed for holding the same the directors present may choose one of their number to be chair of the meeting.

Votes at directors' meetings: general rules

15. Subject to the Rules
 - (1) a decision is taken at a directors' meeting by the majority of the votes of the participating directors.
 - (2) each director participating in a directors' meeting has one vote.
 - (3) if a director has an interest in an actual or proposed transaction with the Society that director may not vote on any proposal relating to it.

Chair's casting vote at directors' meetings

16. If the number of votes for and against a proposal are equal, the chair or other director chairing the meeting has a casting vote but this shall not apply if the chair or such other director is not to be counted as participating in the decision making process for quorum, voting or agreement purposes.

Conflicts of interest

17. (1) If a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the Society in which a director is interested, that director is not to be counted as participating in that meeting, or part of a meeting, for voting or quorum purposes.
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the Society:-
 - (a) is to be counted as participating in a decision at a directors' meeting, or part of a directors' meeting, relating to it, and
 - (b) is entitled to vote on a proposal relating to it.

- (3) This paragraph applies when:-
 - (a) the Society by ordinary resolution disapplies the provision of the Rules which would otherwise prevent a director from being counted as participating in, or voting at, a directors' meeting; or
 - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (c) the director's conflict of interest arises from a permitted cause.
- (4) For the purposes of this Rule, the following are permitted causes:-
 - (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the Society or any of its subsidiaries;
 - (b) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Society or any of its subsidiaries which do not provide special benefits for directors or former directors.
- (5) Subject to paragraph (6), if a question arises at a meeting of directors or of a committee as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chair of the meeting whose ruling in relation to any director other than the chair is to be final and conclusive.
- (6) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair of the meeting, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair of the meeting is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

Proposing directors' written resolutions

18. (1) The chair or any chief executive or any two directors may propose a director's written resolution.
- (2) The company must propose a directors' written resolution if the chair or any chief executive or any two directors so request.
- (3) A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.
- (4) Notice of a proposed directors' written resolution must indicate -
 - (a) the proposed resolution, and
 - (b) the time by which it is proposed that the directors should adopt it.
- (5) Notice of a proposed directors' written resolution must be given in writing to each director.
- (6) Any decision which a person giving notice of a proposed directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.

Adoption of directors' written resolutions

19. (1) A proposed directors' written resolution is adopted when all the directors have signed one or more copies of it.
- (2) It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.

- (3) Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.
- (4) The secretary must ensure that the Society keeps a record, in writing, of all directors' written resolutions for at least ten years from the date of their adoption.

Directors' discretion to make further rules

20. Subject to the Rules, the directors may make any rule which they think fit about how they take decisions and about how such rules are to be recorded or communicated to directors.

Appointment of Directors

Methods of appointing directors

21. Any person who is willing to act as a director, and is permitted by law and the laws of the Society to do so, may be appointed to be a director:-
 - (a) by ordinary resolution, or
 - (b) by a decision of the directors.

Number of directors

22. The Board shall consist of a chair and of not less than 4 nor more than 12 other directors. The number of directors (within the limits aforesaid) shall be in the discretion of the Board and in the event of the Board at any time resolving that the number of the directors shall be reduced or increased effect shall be given to such resolution at the next succeeding annual general meeting when the places of a sufficient number of the retiring directors shall be allowed to remain unfilled or (as the case may require) a sufficient number of additional directors shall be elected to give effect to such resolution.

Qualification of directors

23. No person shall be capable of being appointed or elected or re-elected a director or of remaining a director unless he is a member of the Society or shall have taken out a Qualifying Policy or Qualifying Product with the intention of being admitted as a member of the Society.

Vacancies in offices of chair

24. Every vacancy occurring in the office of chair shall subject to compliance with the statutes be filled by the Board by the appointment of another member of their body thereto but every appointment so made shall be subject to the confirmation of the next following annual general meeting of the Society and unless such appointment be confirmed at such meeting the person appointed shall as from the date of the meeting cease to hold the office to which he was so appointed and shall not be capable of being again appointed to the office of chair without the approval of the Society in general meeting and the Board shall subject to compliance with the statutes forthwith appoint another member of their body to such office in the place of the director so ceasing to hold such office.

Termination of director's appointment

25. A person ceases to be a director as soon as:-
 - (1) that person ceases to be a director by virtue of any provision of the Act of 2006 applicable to the Society or is prohibited from being a director by law;
 - (2) a bankruptcy order is made against that person;

- (3) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (4) a registered medical practitioner who is treating that person gives a written opinion stating that the person has become physically or mentally incapable of acting as a director and may remain so for more than six months;
- (5) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (6) if he ceases to hold his qualification hereinbefore mentioned;
- (7) if he is convicted of an indictable offence and the Board resolves that by reason thereof his office be vacated;
- (8) notification is received by the Society from the director that the director is resigning or retiring from office as director, and such resignation or retirement has taken effect in accordance with its terms;
- (9) if he is absent from meetings of the Board for six calendar months without leave of absence from the Board and the Board resolves that by reason thereof his office is vacated;
- (10) if he is called upon by a resolution of the Board passed by a majority of two-thirds of the directors present and voting to resign.

Certain acts not to disqualify

26. Subject to compliance with any requirements of the Act of 2006 applicable to the Society and to the requirements of Rule 17 a director shall not be disqualified by his office from contracting with the Society either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Society in which a director shall be in any way interested be avoided nor shall a director so contracting or being so interested be liable to account to the Society for any profit realised by any such contract or arrangement by reason only of such director holding that office or of the fiduciary relation thereby established.

General notice as to director's interest

27. A general notice that a director is a member of any specified firm or corporation and is to be regarded as interested in all transactions with that firm or corporation shall be a sufficient disclosure under Rules 17 and 26 as regards such director and the said transactions and after such general notice it shall not be necessary for such director to give a special notice of his interest in any particular transaction with that firm or corporation.

Disclosure of interest to chief executive

28. Where a director is directly or indirectly interested in any insurance contract which shall in the ordinary course of business be effected by or through such director through the chief executive or other proper officer of the Society disclosure to the chief executive or such other officer that such director is so interested shall be deemed to be sufficient disclosure for the purposes of Rules 17 and 26 and the chief executive or such other officer may deal with any such contract as regards terms, premiums, commission or otherwise as freely as he could deal therewith if such director were not so interested.

Remuneration of directors

29. (1) The directors shall be entitled to such remuneration for their services either as a director or for any other service which they undertake for the Society as shall from time to time be determined by the Board in accordance with the provisions of this Rule. The remuneration and any recommendations for changes to the remuneration of the Directors shall be determined by any remuneration

committee set up under Rule 7. Any such committee may consult external advisors. The recommendations of such committee will be subject to ratification by the non-executive directors on the Board and an annual remuneration report shall be presented at the annual general meeting of the Society.

- (2) Subject to the Rules, a director's remuneration may:-
 - (a) take any form, and
 - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (3) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (4) Unless the directors decide otherwise, directors are not accountable to the Society for any remuneration which they receive as directors or other officers or employees of the Society's subsidiaries or of any other body corporate in which the Society is interested.

Extra remuneration

30. Any director who by request performs special services or goes away from or resides elsewhere than at his ordinary place of residence for any purposes of the Society may be paid by the Board such extra remuneration whether by way of salary, percentage of profits or otherwise as the Board may determine and such extra remuneration shall be charged as part of the Society's ordinary working expenses.

Appointment, election and retirement of directors

Retirement of directors

31. (1) At the annual general meeting in every year one third of the directors or, if their number is not three or a multiple of three, the number nearest to one third shall retire from office PROVIDED THAT the directors may at any time resolve that at the next following annual general meeting, or at all following annual general meetings, the number of directors to retire shall be such number greater than one third or the directors as the directors may specify or that all of the directors shall so retire.
- (2) A director retiring at a meeting shall retain office until the close of or adjournment of the meeting.

Mode of retirement

32. The directors to retire in every year shall be those who have been longest in office since their last election or appointment but as between persons who became or were last elected directors on the same day those to retire shall (unless they otherwise agree amongst themselves) be determined by lot.

Eligibility for re-election

33. A retiring director shall be eligible for re-election.

Election

34. The members at the meeting at which a director retires in manner aforesaid shall (subject to the provisions of Rule 22) fill the vacated office by electing a duly qualified person thereto.

Mode of election

35. No person other than a director retiring at the meeting shall unless recommended by the directors for election be eligible for election to the office of a director at any annual general meeting unless not later than twenty one days prior to the day of the meeting there shall have been given to the Society notice in

writing by not less than 0.25 per cent of the members duly qualified to be present and vote at the meeting of their intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

If no election retiring director re-elected

36. If at any meeting at which an election of directors ought to take place the place of any retiring director is not filled such director shall (subject to the provisions of Rule 22) be deemed to have been re-elected.

Casual vacancy to be filled by Board

37. (1) The directors shall have power at any time and from time to time to appoint any qualified person to be a director to fill a casual vacancy in the Board howsoever arising.
- (2) Any director so appointed shall hold office only until the next following annual general meeting of the Society and shall then be eligible for re-election.

Continuing directors may act in case of vacancy

38. The continuing directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below five the continuing directors may act for the purposes of filling vacancies in their body or of summoning general meetings of the Society but not for any other purpose and may act for either of the purposes aforesaid whether or not their number is reduced below the number fixed by or in accordance with the Rules as the quorum of directors.

PART 6

DECISION MAKING BY MEMBERS

Organisation of General Meetings

Annual general meetings

39. The provisions of Part 13 of the Act of 2006 shall apply to the Society (irrespective of whether or not such provisions apply to unregistered companies generally) as if the Society were a public company and not a private company, except that for the purposes of Section 303 of the Act of 2006 the required percentage shall be two and a half per cent. A general meeting of the members of the Society (being and to be called the annual general meeting) shall be held in every calendar year.

Notice of general meetings

40. (1) The provisions of the Act of 2006 relating to notice of any general meeting of the Society shall apply. The notice convening an annual general meeting shall specify the meeting as such.
- (2) Notice of general meetings shall be given to the auditors of the Society and also to the actuary
- (3) Where the directors decide that members may attend and participate in a general meeting by using an electronic platform (see Rule 42), the notice shall set out details of the electronic platform to be used, including any access requirements and other information that the directors consider necessary.

Business at annual general meetings

41. (1) The ordinary business of an annual general meeting shall be to;-
- (a) receive the accounts and balance sheet and the reports of the directors and auditors;
 - (b) elect directors and auditors in the place of those (if any) retiring at the meeting;
 - (c) fix the remuneration of the auditors or the manner in which such remuneration shall be fixed;
 - (d) transact any other business which under the laws of the Society ought to be transacted at the annual general meeting of the Society.
- (2) All other business transacted at any annual general meeting and all business transacted at any other general meeting of the Society shall be deemed special.

Attendance and speaking at general meetings

42. (1) The directors may make arrangements for members to attend and participate in a general meeting by attendance at a physical meeting place and/or using an electronic platform. A general meeting may be held solely as a physical meeting, solely as an electronic meeting accessible by using an electronic platform, or by offering members the option to attend and participate at a physical meeting place (which may include more than one meeting place) or by using an electronic platform.
- (2) Each member is entitled to attend and speak at a general meeting.
- (3) A member is able to exercise the right to speak at a general meeting when that member is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that member has on the business of the meeting.
- (4) A member is able to exercise the right to vote at a general meeting when –
- (a) that member is able to vote, during or (in accordance with any arrangements made under Rule 42(3) if applicable) before the meeting, on resolutions put to the vote at the meeting, and
 - (b) that member's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other members attending the meeting.
- (5) The directors may make whatever arrangements they consider appropriate to enable those members attending a general meeting to exercise their rights to speak or vote at it and may make whatever arrangements they consider appropriate to enable members to participate in a general meeting or vote before or at a general meeting.
- (6) The directors shall require any persons wishing to attend a general meeting (whether at a physical meeting place or by using an electronic platform) to comply with any process and procedures necessary to ensure the identification of those taking part and the security of the electronic communication and which are proportionate to the achievement of these objectives.
- (7) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (8) Two or more members who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

- (9) The chair of the meeting may permit other persons who are not members of the Society, or otherwise entitled to exercise the rights of members in relation to general meetings, to attend and speak at a general meeting
- (10) The Society may make arrangements for any documents which are required to be made available for inspection by members at a general meeting to be accessible electronically on an electronic platform.

Quorum

- 43. No business, other than the appointment of a chair, shall be transacted at any general meeting unless a quorum be present when the meeting proceeds to business. Save as provided in Rule 44, 10 members present (either in person, by using an electronic platform or a combination of both) shall be a quorum for an annual general meeting and for any other general meeting.

In case no quorum

- 44. If within half an hour from the time appointed for any general meeting a quorum is not present the meeting if convened on the requisition of members shall be dissolved. In the case of any other meeting the meeting shall stand adjourned to the same day in the next week at the same time and place and if at such adjourned meeting a quorum as above defined is not present within 15 minutes from the time appointed for holding the meeting the members present shall be a quorum.

Chair

- 45. (1) The chair of the directors shall preside as chair at every general meeting.
- (2) If there be no such chair or if he shall not be present at the meeting within 15 minutes after the time appointed for holding the meeting or if he/she is unwilling to act as chair the directors present shall choose one of their number or if no director be present or if all the directors present decline to take the chair the members present shall choose one of their number to be chair.
- (3) The person chairing a meeting in accordance with this Rule is referred to as “the chair of the meeting”.

Adjournment

- 46. (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.
- (2) The chair of the meeting may adjourn a general meeting at which a quorum is present if:-
 - (a) the meeting consents to an adjournment, or
 - (b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the chair of the meeting must:-
 - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):-
 - (a) to the same persons to whom notice of the Society's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Voting at general meetings

Voting: general

47. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Rules.

Voting rights

48. (1) On a show of hands every member present in person shall have one vote and one vote only.
- (2) On a poll every member present in person or by proxy shall have one vote.
- (3) On a vote on a resolution on a poll taken at a general meeting the votes may include votes cast in advance. The directors may make whatever arrangements they consider appropriate to enable members to vote before or at a general meeting by electronic means subject only to such requirements and restrictions as the directors consider are necessary to ensure the identification of those taking part and the security of the electronic communication and which are proportionate to the achievement of these objectives.

Chair's casting vote

49. In the case of equality of votes whether on a show of hands or on a poll the chair of the meeting at which the show of hands takes place or the poll is demanded shall have a second or casting vote

Errors and disputes

50. (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the chair of the meeting whose decision is final.

Demanding a poll

51. (1) A poll on a resolution may be demanded:-
- (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

- (2) A poll may be demanded by: -
 - (a) the chair of the meeting;
 - (b) the directors;
 - (c) five or more persons having the right to vote on the resolution; or
 - (d) a person or persons representing not less than two and a half per cent of the total voting rights of all the members having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if: -
 - (a) the poll has not yet been taken, and
 - (b) the chair of the meeting consents to the withdrawal.
- (4) No poll may be demanded on the election of the chair of the meeting or the adjournment of the meeting

Procedure on a poll

52. (1) Subject to the Rules, polls at general meetings must be taken as and when the chair of the meeting directs.
- (2) The chair of the meeting may appoint scrutineers (who need not be members) and decide how and when the result of the poll is to be declared.
- (3) The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.
- (4) A poll may be taken either forthwith or at such other time and place as the chair of the meeting directs but must be taken within 30 days of their being demanded.
- (5) A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.
- (6) No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded.
- (7) In any other case, at least 7 days' notice must be given specifying the time and place at which the poll is to be taken.

Content of proxy notices

53. (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which: -
 - (a) states the name and address of the member appointing the proxy;
 - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and

- (d) is delivered to the Society in accordance with the Rules and any instructions contained in the notice of the general meeting to which they relate.
- (2) The Society may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as:-
 - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

- 54.
- (1) Any notice of a general meeting must specify the address or addresses (“proxy notification address”) at which the Society or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.
 - (2) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Society by or on behalf of that person.
 - (3) Subject to paragraphs (4) and (5), a proxy notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.
 - (4) In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to a proxy notification address not less than 24 hours before the time appointed for the taking of the poll.
 - (5) In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the proxy notice must be delivered at the meeting at which the poll was demanded to the chair, secretary or any director.
 - (6) An appointment under a proxy notice may be revoked by delivering a notice given by or on behalf of the person by whom or on whose behalf the proxy notice was given to a proxy notification address.
 - (7) A notice revoking a proxy appointment only takes effect if it is delivered before;-
 - (a) the start of the meeting or adjourned meeting to which it relates, or
 - (b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.
 - (8) If a proxy notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor’s behalf.

Amendments to resolutions

55. (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:-
- (a) notice of the proposed amendment is given to the secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if
- (a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

PART 7

SEAL AND AUTHENTICATION OF DOCUMENTS

Seal

56. (1) The directors shall provide for the safe custody of any seal of the Society required by the Act of 1989 but otherwise the Society shall not be required to keep a seal. Any seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed.
- (2) Unless otherwise decided by the directors, if the Society has a common seal and it is to be affixed to a document, the document must also be signed by a director of the Society and countersigned by the secretary or a second director.
- (3) If the Society has an official seal for use abroad, or a seal in respect of which a local name shall have been adopted pursuant to section 8(3) of the Act of 1989 (which, other than in respect of the name, must comply with the requirements of the Act of 2006) it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, has been authorised by a decision of the directors.
- (4) The person affixing the seal of the Society or the local seal, as the case may be, shall certify in writing on the deed or document to which the seal is affixed the date on which and the place at which it was affixed.
- (5) All policies, contracts, cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, receipts and other deeds and documents requiring to be signed, drawn, accepted, endorsed or otherwise executed on behalf of the Society shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be by such person or persons and in such manner as the directors shall from time to time determine.

The directors may either generally or in any particular case determine that the signature of a director or of the secretary or of any other person duly authorised by them to sign may be printed affixed or reproduced by some device to be specified by the directors and the directors may prescribe precautions as to the use and safe custody of such device.

Authentication of documents

57. A document or proceeding requiring authentication by the Society may be signed by a director, secretary or other authorised officer of the Society and need not be under the seal of the Society.

PART 8

APPOINTMENT OF CHIEF EXECUTIVE, OFFICERS AND OTHERS

Appointment of chief executive

58. Subject to the provisions of the statutes the directors shall appoint one or more persons to be chief executive or managing director of the Society at such remuneration and upon such conditions as they may think fit and any person so appointed may be removed by them without prior notice but without prejudice to any claim such person may have for breach of any contract of service between him and the Society.

Tenure of office

59. The appointment of a chief executive or managing director shall (subject to the terms of any contract between him and the Society) be subject to determination ipso facto if he ceases for any reason to be a director of the Society.

Appointment of officers

60. The directors may appoint remove or suspend (subject to the terms of any contract with the Society) such chief executive or managing director, actuary, the secretary or any other officer necessary for efficiently carrying on the business or affairs of the Society (including therein the management of the property, rights and assets of the Society) and may determine their powers and duties and fix their remuneration.

PART 9

TRUSTEES AND ATTORNEYS

Appointment of trustees

61. The directors may from time to time appoint any directors or officers of the Society or any other person or corporation as trustees for the Society to accept and hold any property, mortgage, investment or security belonging to the Society or in which it is interested in trust for the Society or for any other purposes and may execute and do all such deeds and things as may be requisite in relation to any such trust and may provide for the remuneration of such trustees.

Trustees may delegate powers

62. The directors may authorise any trustees to delegate all or any of the powers vested in such trustees.

Trustees to act in accordance with directors' instructions

63. The several persons who for the time being hold property for the Society shall act in all respects under and in accordance with the lawful instructions of the directors.

Appointment of attorneys

64. The directors may from time to time and at any time by power of attorney appoint upon such terms (including remuneration) as they think fit any person, or the holder for the time being of any office, to be the attorney or attorneys of the Society for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney or attorneys as the directors may think fit and may also authorise such attorney or attorneys to delegate all or any or the powers, authorities and discretions vested in him or them.

PART 10

THE ACTUARY, FUNDS RESERVES AND DISTRIBUTIONS

Appointment of actuary

65. (1) The Society shall appoint an actuary in accordance with any requirements of the statutes
- (2) The actuary shall at all times act in accordance with the statutes and any provisions in this Part 10 of the Rules are subject to this overriding provision

Formation of separate and hypothecated funds

66. (1) The directors may, having regard to the advice of the actuary, make all necessary and convenient arrangements for carrying to a separate or hypothecated fund or funds the receipts from such business as is mentioned in paragraph (2) below, and for meeting from that fund or funds the payments in respect of such business, and may if they think fit provide that such fund or funds be security for the insurances under the policies attributable thereto respectively in the same manner as if each such fund formed the fund of a separate company carrying on no other business than that comprised in such policies.
- (2) A separate or hypothecated fund may be established under paragraph (1) above in respect of:-
- (a) any particular class of business; or
- (b) the business arising in any territory or territories; or
- (c) any particular class or business arising in any territory or territories.

Application of separate and hypothecated funds

67. The directors may, on establishing a separate or hypothecated fund or funds, make provisions in relation to the fund or funds so established touching or concerning any or all of the following matters:-
- (a) the liability of the fund or funds to creditors of the Society;
- (b) the extent to and circumstances in which transfers may be made to or from other funds of the Society from or to the fund or funds;

- (c) the extent to and manner in which the charges and expenses (if any) of the Society in connection with the fund or funds and the expenses of operating the same shall be met by or from the same in addition to or to the exclusion of any other funds of the Society.

Prospectuses for separate and hypothecated funds

68. The directors shall, in issuing such prospectuses for business as they think fit, specify in respect of business for which a separate or hypothecated fund has been formed any special conditions as to the basis of security for such business and participation in the profits of the Society.

Reserve funds

69. Out of any surplus or profits of the Society or of any particular department or of any separate or hypothecated fund determined by any annual or other investigation into its financial position made pursuant to the provisions of any public general Act relating to insurance companies for the time being in force or to the Rules the directors may establish reserves which may or may not be allocated for a specific purpose and the directors may, at any time, transfer to or from such reserves such sums as they think fit.

Actuarial investigation

70. With all reasonable dispatch after each 31st day of December, or such other date as the directors may determine as the financial year end of the Society, the directors shall cause an investigation to be made into the financial position of the Society as on that date by the actuary (such investigation to include a valuation of the liabilities of the Society) and if it shall appear from the report of the actuary that the funds and assets of the Society or of any particular department of the Society have accumulated so as to be more than sufficient to discharge the whole of the claims made or liable to be made thereon then the surplus shall be dealt with as hereinafter provided.

Distributable surplus

71. The directors may set aside out of such surplus and carry to any reserve or reserves pursuant to Rule 69 such sums as they think fit and may also carry forward any part of the said surplus which they think fit without carrying the same to reserve and the balance of such surplus remaining after setting aside and carrying forward such sums as aforesaid together with any sums which the directors may from time to time determine to transfer from any reserve or reserves pursuant to Rule 69 for such purpose shall be and is hereinafter referred to as the distributable surplus of the Society and the declaration of the directors as to the amount of the distributable surplus of the Society shall be final and conclusive against the members and other persons, if any, entitled to participate in such surplus.

Allocation of distributable surplus

72. Subject to the requirements of Rule 73(3) the directors may at any time allocate or apply any part of the distributable surplus which they think fit (or which under the terms of any policies issued or any rules or regulations from time to time made by the directors ought to be allocated or applied for the purpose) towards or in providing for or making any payments or bonuses to or allowing or conferring any benefits, privileges or advantages to or upon any persons holding policies of insurance in the Society other than members of the Society holding with profit policies in the Society.

Balance of distributable surplus allocated to members holding policies

73. (1) Subject to the requirements of Rule 73(3) the balance of the distributable surplus remaining after deducting any part thereof allocated or applied under Rule 72 may at any time be allocated or applied towards or in providing for or making any payments or bonuses to or allowing or conferring any benefits, privileges or advantages to or upon the members of the Society holding with profit policies in the Society (whether held by a member directly or through a Qualifying Product).

- (2) Nothing in this Rule or Rule 72 shall require that the directors allocate any of the distributable surplus to insurances which are no longer in force (whether or not capable of being revived) at the date on which the directors actually make their declaration.
- (3) No such allocation or application of the distributable surplus pursuant to Rules 72 and 73(1) shall be made by the directors unless it shall have been recommended or certified as being a just and equitable allocation or application of the distributable surplus by the actuary.

PART 11

INSURANCES

Terms of issue of insurances

74. The directors may in their absolute discretion
 - (a) grant and effect at such rates and on such terms and conditions as they think fit insurances and annuities or any other authorised business;
 - (b) determine on the advice of the actuary the rates of premiums and other contributions to be charged in respect of new proposals for life and annuity business;
 - (c) reinstate upon such terms and conditions and upon payment of such amount (if any) as they may determine any insurance which may become void by reason of non-payment of the premium provided for in the policy relating thereto within such period of grace as may be permitted.

Payment in respect of insurances

75. (1) Every claim against the funds of the Society shall be payable at such time or times as shall be specified in the policy applicable thereto or at such other time or times as may be agreed upon between the Society and the claimant or fixed in accordance with the laws of the Society.
- (2) Except as otherwise agreed between the Society and the person by or to whom such sums are payable, all sums payable to or by the Society in respect of an insurance shall be payable at such office as may have been notified to the policyholder or at the place of payment specified in the policy and if no such place is notified or specified, at the principal office or, in the case of an insurance effected in a territory in respect of which a local head office has been designated at that local head office.

Evidence of claims

76. The directors shall have power to call for such evidence as they may deem necessary of all claims against the funds of the Society and upon their being satisfied of the justice of such claims to direct the payment thereof.

Insurances subject to laws of the Society

77. All insurances issued by the Society shall be issued subject to the laws of the Society.

The Society not bound by trusts

78. The Society shall not be bound to see to the execution of any trust whether express, implied or constructive to which any policy granted by the Society may be subject and a discharge of such policy by the person in whom the same may be legally vested shall in all cases be a sufficient discharge and exoneration to the

Society of and from all liability thereunder notwithstanding any trust to which such policy may then be subject and whether or not the Society has had notice of such trust.

Surrender and conversion of policies

79. (1) The person in whom any policy is legally vested whether such person is beneficially entitled thereto or holds the same as mortgagee of or as a trustee for any other person may (unless being a mortgagee or trustee he is to the knowledge of the directors expressly prohibited from so doing by the terms of the mortgage or trust) surrender such policy in whole or in part to the Society either for a cash payment or in consideration of the policy being converted into a paid-up policy for a reduced amount or in exchange for any paid-up or other policy to be substituted for the original policy or for any other consideration or may otherwise deal with such policy as may be agreed between such person and the directors and if any policy is legally vested in the Society as mortgagee or is charged to it by way of deposit or otherwise the Society may surrender such policy to itself giving credit or otherwise accounting for its surrender value.
- (2) Any surrender or agreement made or entered into under this Rule shall be valid and effectual in all respects.
- (3) The directors may make ex-gratia payments of such amount as they think fit in the case of any insurance which has been forfeited or which has become void.
- (4) The directors may at any time during the currency of a policy or insurance on the application of or by arrangement with the owner thereof alter or vary the subsisting method of paying the premiums or making the contributions in respect of such policy or insurance to any other method of equivalent value approved by the directors or to substitute an insurance payable on the occurrence of any other event or to convert an insurance of one class into an insurance of any other class on such terms and conditions as the directors may deem equitable and proper.

PART 12

MISCELLANEOUS

Bank accounts

80. The directors may open bank accounts in the name of the Society (or otherwise as required) with such bank or banks as they may select. All such accounts may be opened and operated by such persons as the directors may from time to time authorise to that effect.

Accounts

81. (1) The directors shall cause to be kept such books of account as are necessary to exhibit and explain the transactions and financial position of the Society and to give a true and fair view of the state of its affairs and in particular (but without limiting the generality of this Rule) proper books of account with respect to;-
- (a) the sums of money received and expended by the Society and the matters in respect of which such receipt and expenditure takes place; and
- (b) the assets and liabilities of the Society.
- (2) In keeping such accounts the directors shall have regard to any provisions of the statutes with regard to the accounts to be kept by insurance companies and as to keeping separate accounts of separate classes of insurance business which are applicable to the Society.

Accounts to be available for inspection

82. All records and books of account of the Society shall be kept at the principal office or at such other place as the directors think fit and shall at all times be open to inspection by the directors. No member, associate member nor Non-Qualifying Policyholder (other than a director) shall have any right of inspecting any account or document of the Society except as authorised by the directors or by the Society or as provided by law.

Accounts to be presented at annual general meeting

83. The directors shall cause to be prepared and to be laid before the annual general meeting of the Society in every year such accounts, balance sheet and directors' and auditors' reports as are for the time being required to be prepared and laid before the Society in general meeting by the relevant provisions of the statutes.

Copies of accounts to be furnished

84. Any member, policyholder or debenture holder of the Society shall be entitled to be furnished on demand without charge with a copy of the last balance sheet of the Society including every document required by law to be annexed thereto together with a copy of the auditors' report on the balance sheet.

Appointment of auditors

85. An auditor or auditors of the Society shall be appointed and their duties regulated in accordance with the relevant provisions of the statutes.

Means of communication to be used

86. (1) Subject to the Rules, anything sent or supplied by or to the Society under the Rules may be sent or supplied in any way in which the Act of 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Society.
- (2) Subject to the Rules, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by any means by which that director has asked to be sent or supplied with notices or documents for the time being.
- (3) A director may agree with the Society that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Address of members residing outside the United Kingdom

87. Each member whose registered address is not in the United Kingdom shall from time to time notify in writing to the Society an address in the United Kingdom which shall be deemed the address to which communications are to be sent to such member.

Failure to notify contact details

88. (1) If:-
- (a) the Society sends two consecutive documents to a member over a period of at least 12 months, and
- (b) each of those documents is returned undelivered, or the Society received notification that it has not been delivered

That member ceases to be entitled to receive notices from the Society.

- (2) A member who has ceased to be entitled to receive notices from the Society becomes entitled to receive such notices again by sending the Society:-
- (a) a new address within the United Kingdom to be recorded in the register of members, or
 - (b) if the member has agreed that the Society should use a means of communication other than sending things to such address, the information that the Society needs to use that means of communication effectively.

Owner of policies bound by notice to previous owner

89. Every person who by operation of law, assignment, purchase or other means whatsoever shall become the owner of any policy shall be bound by every notice in respect of such policy which previously to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such policy.

Authentication of notices

90. The signature to any notice to be given by the Society may be written or printed.

Arbitration

91. Every matter in dispute between the Society or any person acting under or on behalf of the Society and any member thereof or person claiming through or under any such member may be referred to and decided by arbitration pursuant to the Arbitration Act 1996 or any statutory modification thereof for the time being in force.

Limitation of responsibility of directors and others

92. A director, officer, agent, employee, trustee or nominee of the Society shall not be chargeable for any money not actually received by him, nor be answerable for the act, receipt, neglect, or default of any other director, officer, agent, employee, trustee or nominee, or of any banker, solicitor, broker, collector, agent or other person appointed by the directors with whom or into whose hands any property or money of the Society is deposited or comes, or for any defect in the title to property from time to time purchased, leased or taken by order of the directors, or for any loss or damage happening in the execution of his office, unless that loss or damage happens through his own neglect, default, breach of duty or breach of trust.

Provision for employees on cessation of business

93. The directors may decide to make provision for the benefit of persons employed or formerly employed by the Society or any of its subsidiaries (other than a non executive director or former non executive director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Society or that subsidiary.

Preservation of existing indemnity

94. Any director, officer, agent, employee, trustee or nominee of the Society shall be entitled to the same right of exemption and indemnity in respect of anything done or omitted to be done by him prior to the coming into force of the Rules as he would have been entitled to by virtue of the rules in force at the date of such act or omission.

Indemnity

95. (1) Subject to paragraph (2), a relevant officer of the Society or any subsidiary company may be indemnified out of the Society's assets against:-
- (a) any liability incurred by that officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Society or any associated company;
 - (b) any liability incurred by that officer in connection with the activities of the Society or any associated company in its capacity or in that officer's capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act of 2006);
 - (c) any other liability incurred by that officer as an officer of the Society or an associated company.
- (2) This Rule does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act of 2006 or by any other provision of law.
- (3) In this Rule:-
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
 - (b) a "relevant officer" means any director, former director or other officer of the Society or an associated company (but not its auditor).

Insurance

96. (1) The directors may decide to purchase and maintain insurance, at the expense of the Society, for the benefit of any relevant officer in respect of any relevant loss.
- (2) In this Rule:-
- (a) a "relevant officer" means any director or former director of the Society or an associated company, any other officer or employee or former officer or employee of the Society or any associated company (but not its auditor), and
 - (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Society, any associated company (within the meaning of Rule 95(3)(a)) or any occupational pension scheme.