



# **Board Charter**

**April 2012**

**Standard Life plc**

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# **1. Role and Responsibilities of the Board**

## **1.1 Role**

The role of the Board is to organise and direct the affairs of the Company and the Group in a manner that seeks to maximise the value of the Company for the benefit of its members as a whole, while complying with relevant regulatory requirements, the Company's Constitution, and relevant corporate governance standards.

## **1.2 Responsibilities**

The Board takes collective responsibility for:

- 1.2.1 determining the Group's objectives and strategy;
- 1.2.2 ensuring that the necessary financial and human resources are in place to allow the Group to achieve its objectives;
- 1.2.3 ensuring that the necessary corporate and management structures are in place to allow the Group to achieve its objectives;
- 1.2.4 determining the policies applicable to the Group as set out in the Matters Reserved;
- 1.2.5 determining the nature and extent of the significant risks it is willing to take in achieving the Group's strategic objectives and establishing and maintaining a framework of risk management and internal controls that enables the strategic, financial and operational risks of the Group to be assessed and managed;
- 1.2.6 monitoring progress by the Group towards the achievement of its objectives and compliance by the Group with approved plans and policies;
- 1.2.7 reporting to relevant stakeholders on the Group's activities, presenting a balanced and understandable assessment of the Group's position and prospects;
- 1.2.8 appointing Board Committees with the appropriate balance of skills, experience, independence and knowledge to meet the Group's requirements and relevant corporate governance standards;
- 1.2.9 delegating clearly defined responsibilities and authorities to the Chairman, the Senior Independent Director, the Chief Executive, Board Committees and otherwise as the Board may determine from time to time; and
- 1.2.10 formally reviewing its own effectiveness as well as the effectiveness of its Committees and individual Directors.

Specific responsibilities of the Board are set out in the Matters Reserved.

## **1.3 Group Companies**

The Company has, directly or indirectly, the powers of a sole or majority shareholder to appoint or remove directors of Group Companies. It exercises control over Group Companies by:

- 1.3.1 adoption by the boards of the Principal Group Companies of board charters which include the Matters Reserved specified in the Board Charter as being applicable to Group Companies ("Group Matters Reserved");
- 1.3.2 agreement by the boards of the Principal Group Companies to refer Group Matters Reserved to the Board for approval;
- 1.3.3 adoption by the Principal Group Companies of policies which meet the requirements of the policies adopted by the Company for application throughout the Group ("Group Policies");
- 1.3.4 acknowledgement by the boards of the Principal Group Companies of the role and responsibilities of the Chief Executive, as set out in the Board Charter, to manage the Group's business on a day to day basis; and
- 1.3.5 agreement by the board of each Principal Group Company that its chief executive is responsible for reporting to the Chief Executive on:
  - 1.3.5.1 implementation by the Principal Group Company of Board decisions on Group Matters Reserved relating to the Principal Group Company;
  - 1.3.5.2 adherence to Group Policies; and
  - 1.3.5.3 delivery and performance of plans and budgets relating to the Principal Group Company, which have been approved by the Board,

subject always to the obligations of the Directors of each Group Company to comply with the Constitution of the relevant Group Company and all relevant legal and regulatory duties.

## **2. Schedule of Matters Reserved for the Board**

### **2.1 Objectives and Strategy**

- 2.1.1 Determination of the Group's objectives and review of their achievement.
- 2.1.2 Determination of the Group's strategies and review of their implementation.

### **2.2 Structure**

- 2.2.1 Determination of the corporate structure of the Group and approval of changes to it which are material to the Group.

### **2.3 Capital and Dividends**

- 2.3.1 Approval of changes, which are material to the Group, relating to the capital of any Group Company, including reduction of share capital, share issues, share buy backs, reorganisation or restructuring of capital and the listing or de-listing of any Group Company's shares or other securities, including debt instruments, on any recognised investment exchange.
- 2.3.2 Approval of interim dividends and recommendation of final dividends of the Company.

### **2.4 Management**

- 2.4.1 Approval of the annual plans, allocation of capital, and operating and capital expenditure budgets of the Group, and changes to them, which are material to the Group.
- 2.4.2 Approval of material changes to the Company's management structure.

### **2.5 Financial Reporting, Internal Controls, Risk and Capital management**

- 2.5.1 Approval of the Company's Half Yearly Report, Annual Report & Accounts and Summary Financial Report.
- 2.5.2 Approval of, and material changes to, the Group's accounting policies or practices.
- 2.5.3 Approval of matters referred to the Board for decision by the Investment Committee.
- 2.5.4 Approval of the Group's risk strategy, appetite and tolerance.
- 2.5.5 Approval of the Enterprise Risk Management Framework and review of its implementation.
- 2.5.6 Approval of material actuarial matters affecting the Group.
- 2.5.7 Approval of material risk and capital matters affecting the Heritage With Profits Fund.
- 2.5.8 Approval of the results of the annual review of the effectiveness of the system of internal control.
- 2.5.9 Approval of material changes to the Company's framework to comply with Listing Continuing Obligations.

### **2.6 Transactions**

- 2.6.1 Approval of any material transaction of any Group Company, being:
  - 2.6.1.1 any Class 1 or Class 2 transaction (as defined by the Listing Rules);
  - 2.6.1.2 any Class 3 transaction (as defined by the Listing Rules) which gives rise to any issue of securities;
  - 2.6.1.3 any transaction with a related party (as defined by the Listing Rules) giving rise to an obligation on the Company to send a circular to its members;
  - 2.6.1.4 an acquisition, disposal or other transaction, involving a total consideration, (or, if greater, a market value) in excess of £15m, or under which any Group Company incurs liabilities in excess of £15m;but excluding:
  - 2.6.1.5 any transaction permitted under the Group Risk Policies (credit risk management, market risk management, demographic and expense risk management, liquidity and capital management, and operational and strategic risk management);
  - 2.6.1.6 fund management activity and treasury investment management activity conducted by any Group Company in accordance with agreed limits and authorities; and
  - 2.6.1.7 any loan transaction between members of the 100% Group, provided that it does not involve any policyholder funds and provided that it has been approved by the ERMC.
- 2.6.2 Approval of the commencement of any activity by any Group Company, within its powers, where such business has not previously been transacted and where the activity is likely, in its first full year of trading, to produce more than £15m of gross income or incur more than £15m of gross expenses.
- 2.6.3 Approval of the cessation, by any Group Company, of any activity previously conducted, which produced more than £15m of gross income or incurred more than £15m of gross expenses in the most recent financial year.
- 2.6.4 Approval of the provision of any guarantee, indemnity or security by any Group Company for a sum exceeding £15m, where (in the case of guarantees and indemnities) such approval is required in accordance with the Group Guarantees and Indemnities Policy.
- 2.6.5 Approval of changes to the Company's Bid/Defence Manual and Process.

## **2.7 Communication**

- 2.7.1 Approval of business to be considered at general meetings of the Company and related documentation to be communicated to members.
- 2.7.2 Approval of all prospectuses and listing particulars material to the Group issued by any Group Company, and all communications with members concerning Board decisions.
- 2.7.3 Approval of announcements of half-yearly or final results of any Group Company or concerning Board decisions.
- 2.7.4 Approval of communications, which are material to the Group, with any relevant Regulatory Authority made in the name of the Board.
- 2.7.5 Approval of the process for enabling the Board to provide Group TCF oversight.

## **2.8 Corporate Governance, Board, and Other Appointments**

- 2.8.1 Approval of material changes to the Board Charter of the Company, including:
  - 2.8.1.1 governance arrangements for with-profits business (where relevant);
  - 2.8.1.2 the matters reserved for the Board;
  - 2.8.1.3 the Terms of Reference of Board Committees.
- 2.8.2 Approval of the results of the review of the effectiveness of the Board, the Chairman, individual Directors and Board Committees.
- 2.8.3 Approval of changes to the structure, size and composition of the Board of Directors of the Company.
- 2.8.4 Approval of the formal processes for the selection, induction and training of Directors and review of the implementation of these processes.
- 2.8.5 Determination of the independence of the Company's Non-Executive Directors.
- 2.8.6 Approval of the appointment and removal of:
  - 2.8.6.1 Chairman;
  - 2.8.6.2 Deputy Chairman (if appointed);
  - 2.8.6.3 Chief Executive;
  - 2.8.6.4 Executive Directors;
  - 2.8.6.5 Non-Executive Directors;
  - 2.8.6.6 Senior Independent Director;
  - 2.8.6.7 Group Company Secretary and General Counsel;
  - 2.8.6.8 Group Chief Risk Officer;
  - 2.8.6.9 Chairmen of Board Committees;
  - 2.8.6.10 Members of Board Committees;and approval of their respective roles and responsibilities, and any material changes to any of them.
- 2.8.7 Approval of any recommendation to members for the election or re-election of any Director.
- 2.8.8 Approval of the appointment, reappointment or removal of the Company's external auditor.
- 2.8.9 Approval of the arrangements for directors' and officers' liability insurance and indemnification of directors within the Group.
- 2.8.10 Approval of the Company's principal corporate advisors.
- 2.8.11 Approval of the Conflicts of Interest and Outside Appointments Registers and authorisation of identified potential or actual Conflicts of Interest.

## **2.9 Remuneration and Pensions**

- 2.9.1 Approval of the establishment of, or material changes to, any relevant employee share plans and/or annual cash bonus plans.
- 2.9.2 Approval of the remuneration and terms of appointment of:
  - 2.9.2.1 Chairman;
  - 2.9.2.2 Non-Executive Directors (for all Group Companies),and any material changes to them.
- 2.9.3 Approval of the establishment or cessation by any Group Company of any pension schemes, under which any directors or officers of the Group may benefit, and approval of any major changes to the rules or fund management arrangements of or payments under any such scheme.

## **2.10 Delegation of Authority**

- 2.10.1 Approval of the scope and extent of the role of, and delegations to, the Chairman, Deputy Chairman (if appointed), Senior Independent Director, Chief Executive and Executive and Non-Executive Directors.
- 2.10.2 Approval of the delegations to Board Committees, as reflected in their terms of reference and as documented in the Board Charter.

## **2.11 Policies**

- 2.11.1 Approval of material changes to the following Group Policies:
- 2.11.1.1 Code of Business Conduct;
  - 2.11.1.2 Strategic Investment Policy;
  - 2.11.1.3 Corporate Transactions Policy;
  - 2.11.1.4 Tax Risk & Transfer Pricing Policy;
  - 2.11.1.5 Market Risk Management Policy;
  - 2.11.1.6 Credit Risk Management Policy;
  - 2.11.1.7 Demographic and Expense Risk Management Policy;
  - 2.11.1.8 Liquidity and Capital Management Policy;
  - 2.11.1.9 Operational and Strategic Risk Management Policy;
  - 2.11.1.10 Group Procurement Policy;
  - 2.11.1.11 Group Outsourcing Policy;
  - 2.11.1.12 Information Technology Policy;
  - 2.11.1.13 Regulatory Compliance Policy;
  - 2.11.1.14 Inside Information & Securities Dealing Policy;
  - 2.11.1.15 Protection of Information & Resilience Policy;
  - 2.11.1.16 Anti-Financial Crime Policy;
  - 2.11.1.17 Legal and Intellectual Property Policy;
  - 2.11.1.18 Guarantees and Indemnities Policy;
  - 2.11.1.19 Competition Policy;
  - 2.11.1.20 Treating Customers Fairly Policy;
  - 2.11.1.21 People Policy;
  - 2.11.1.22 Health and Safety Policy;
  - 2.11.1.23 Environment Policy;
  - 2.11.1.24 Group Community Investment Policy;
  - 2.11.1.25 Non-Audit Services from External Audit Policy;
  - 2.11.1.26 Conflicts of Interest Policy;
  - 2.11.1.27 Outside Appointments Policy;
  - 2.11.1.28 Communications and Political Donations Policy;
  - 2.11.1.29 Anti-Bribery Policy;
  - 2.11.1.30 Customer Proposition Supervision Policy;
  - 2.11.1.31 Operational Governance Policy.
- 2.11.2 Approval of the process for derogation from the above Group Policies.

## **2.12 Other**

- 2.12.1 Such other matters as the Board may determine from time to time.

In the context of the above “material to the Group” means:

- any amount greater than 10% of the Group’s profit before tax as disclosed in the most recently published accounts;
- any change to the Board approved plan which requires additional capital greater than £15m;
- any change to the Board approved strategy for any subsidiary which may reasonably be regarded as likely to have a material effect on the Group’s reputation or share price.

### **3. Roles and Responsibilities of Members of the Board**

#### **3.1 The Chairman and the Deputy Chairman (if appointed)**

The role of the Chairman is to lead the Board and ensure that it functions effectively. The Chairman is the Board's principal spokesperson, and acts also as Chairman of General Meetings of members. If a Deputy Chairman has been appointed, his role is to stand in for the Chairman in his absence. Both the Chairman and the Deputy Chairman (if appointed) are Non-Executive Directors, appointed by the Board.

The specific responsibilities of the Chairman are to:

- 3.1.1 set the agenda, style and tone of Board discussions to promote a culture of openness, effective decision making and constructive debate in Board meetings including appropriate consideration of strategic issues affecting the Group;
- 3.1.2 in conjunction with the Chief Executive, where appropriate, represent the Group to external stakeholders, including members/shareholders, customers, suppliers, regulatory and governmental authorities and the community;
- 3.1.3 promote the highest standards of corporate governance within the Group;
- 3.1.4 ensure that the members of the Board receive accurate, timely and clear information on the Group and its activities;
- 3.1.5 ensure effective communication with members and ensure that Directors develop an understanding of their views, issues and concerns;
- 3.1.6 ensure that the Group maintains contact, as required, with its principal shareholders about remuneration, governance and strategy;
- 3.1.7 manage the Board to ensure that appropriate time is allowed for consideration of all issues;
- 3.1.8 ensure that there is in place a properly constructed induction programme for new Directors that is comprehensive, formal and tailored, facilitated by the Group Company Secretary and General Counsel;
- 3.1.9 take the lead in identifying and agreeing the training and development needs of individual Directors, with the Group Company Secretary and General Counsel having a key role in facilitating the provision of initiatives to meet needs identified;
- 3.1.10 address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team and maintaining its collective skills and knowledge;
- 3.1.11 meet with Non-Executive Directors without the executives present;
- 3.1.12 ensure that the performance of individual Executive and Non-Executive Directors and of the Board as a whole and its Committees is evaluated at least once a year and act on the results of the performance evaluation;
- 3.1.13 encourage active engagement by all the members of the Board, promoting constructive relations between Executive and Non-Executive Directors; and
- 3.1.14 work closely with the Chief Executive, providing support and advice on matters relevant to strategy and operations while respecting the executive responsibility of the Chief Executive to manage the Group.

The Company will provide office accommodation and administrative support to the Chairman as requested.

The Chairman is authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when he considers this necessary to discharge his responsibilities. Also, he has access at all times to the Group Company Secretary and General Counsel, the external auditors and to independent actuarial advice.

#### **3.2 The Chief Executive**

The role of the Chief Executive is to manage the Group's business on a day-to-day basis, subject to the Matters Reserved for the Board and the Matters assigned by the Board to the Committees of the Board, and to assist the Board in carrying out its role by providing advice and recommendations consistent with the agreed corporate objectives and financial and operational risk management and regulatory good practice.

In fulfilling his executive role, the Chief Executive acts within the authority delegated to him by the Board. His specific responsibilities include:

- 3.2.1 leading the Executive Directors and the Senior Executives in the day to day running of the Group's businesses;
- 3.2.2 acting as Chairman of the Executive Team;
- 3.2.3 developing and presenting to the Board the Group strategy and objectives, and ensuring subsidiary companies' strategies are consistent with them;
- 3.2.4 developing appropriate capital, corporate and management structures to ensure the Group's objectives can be met;
- 3.2.5 monitoring the operational performance and strategic direction of the Group;
- 3.2.6 managing the Group's internal control framework, including approving management and control policies;
- 3.2.7 approving investments/disinvestments and major contracts (within authorised limits);
- 3.2.8 approving the Group's management development and succession plans for senior management, and approving appointments and termination of staff reporting to senior management;
- 3.2.9 reporting regularly to the Board with appropriate, timely and quality information so that the Board can discharge its responsibilities effectively;

3.2.10 and, in conjunction with the Chairman, where appropriate, represent the Group to external stakeholders, including members/shareholders, customers, suppliers, regulatory and governmental authorities, and the community.

### **3.3 The Senior Independent Director and the Non-Executive Directors**

#### **3.3.1 Senior Independent Director (SID)**

The Senior Independent Director is an independent Non-Executive Director who is available as a trusted intermediary to shareholders and other Non-Executive Directors in particular if they have concerns which contact through the normal channels of Chairman, Chief Executive or Executive Director has failed to resolve, or for which such contact is inappropriate. He has the power to call meetings of the Non-Executive Directors should he consider it necessary.

The Senior Independent Director provides a sounding board for the Chairman and shall, at least annually, lead a review of the performance of the Chairman including a meeting of Directors at which the Chairman is not present.

The Senior Independent Director is authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when he considers this necessary to discharge his responsibilities. Also, he has access at all times to the Group Company Secretary and General Counsel, the external auditors and to independent actuarial advice.

#### **3.3.2 Non-Executive Directors**

The role of the Non-Executive Directors is to participate fully in the functioning of the Board, advising, supporting and challenging management as appropriate. Further details of the role and responsibilities of Non-Executive Directors are set out below.

All Directors are required as members of a unitary Board:

- 3.3.2.1 to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed;
- 3.3.2.2 to set the Group's strategic aims, ensure that the necessary financial and human resources are in place for the Group to meet its objectives, and review management performance;
- 3.3.2.3 to set the Group's values and standards and ensure that its obligations to its members and others are understood and met;
- 3.3.2.4 to bring unfettered judgement to bear on the issues of strategy, performance, resources, key appointments and standards of conduct;
- 3.3.2.5 to be able to allocate sufficient time to the Group to discharge their responsibilities effectively and
- 3.3.2.6 to attend meetings of the Group Board, any relevant Group Board Committees and any general meetings of members of the Company.

In addition, the FSA classifies Directors as Approved Persons carrying out significant influence functions and this gives rise to the following responsibilities as laid out in the Statement of Principles and Code of Practice for Approved Persons;

- 3.3.2.7 to take reasonable steps to ensure the business of the firm for which he/she is responsible in his/her Controlled Function is organised so that it can be controlled effectively;
- 3.3.2.8 to exercise due skill, care and diligence in managing the business of the firm for which he/she is responsible in his/her Controlled Function and
- 3.3.2.9 to take reasonable steps to ensure that the business of the firm for which he/she is responsible in his Controlled Function complies with the relevant requirements and standards of the regulatory system.

In addition to these requirements for all Directors, the role of the Non-Executive Director has the following key elements:

- 3.3.2.10 **Strategy:** Non-Executive Directors should constructively challenge and contribute to the development of strategy;
- 3.3.2.11 **Performance:** Non-Executive Directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;
- 3.3.2.12 **Risks:** Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- 3.3.2.13 **People:** Non-Executive Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary removing, senior management and in succession planning.

#### **Effective Non-Executive Directors:**

- 3.3.2.14 uphold the highest ethical standards of integrity and probity;
- 3.3.2.15 support Executive Directors in their leadership of the business while monitoring their conduct;
- 3.3.2.16 question intelligently, debate constructively, challenge rigorously and decide dispassionately;
- 3.3.2.17 listen sensitively to the views of others, inside and outside the Board;
- 3.3.2.18 gain the trust and respect of other Board members;
- 3.3.2.19 are well informed about the Group and the external environment in which it operates and the Group's operations; and
- 3.3.2.20 promote the highest standards of corporate governance and seek appropriate compliance with the provisions of the Combined Code.

Non-Executive Directors are appointed for specific terms subject to election or re-election by shareholders and to the provisions of the Articles of Association and statutory provisions relating to the removal of Directors.

Non-Executive Directors are authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when they consider this necessary to discharge their responsibilities. Also, they have access at all times to the Group Company Secretary and General Counsel, the external auditors and to independent actuarial advice.

All Directors have the right to have any unresolved concerns about the running of the Company or a proposed action recorded in the minutes.

### **3.4 The Executive Directors**

Executive Directors have day-to-day management responsibilities in addition to their responsibilities as members of the Board. Their responsibilities as members of the Board are separate from their management responsibilities. Further details of the role and responsibilities of Executive Directors as members of the Board are set out below.

All Directors are required, as members of a unitary Board:

- 3.4.1 to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed;
- 3.4.2 to set the Group's strategic aims, ensure that the necessary financial and human resources are in place for the Group to meet its objectives, and review management performance;
- 3.4.3 to set the Group's values and standards and ensure that its obligations to its members and others are understood and met;
- 3.4.4 to bring unfettered judgement to bear on the issues of strategy, performance, resources, key appointments and standards of conduct; and
- 3.4.5 to attend meetings of the Group Board, relevant Group Board Committees and any general meetings of members of the Company.

In addition, the FSA classifies Directors as Approved Persons carrying out significant influence functions and this gives rise to the following responsibilities as laid out in the Statement of Principles and Code of Practice for Approved Persons;

- 3.4.6 to take reasonable steps to ensure the business of the firm for which he/she is responsible in his/her Controlled Function is organised so that it can be controlled effectively;
- 3.4.7 to exercise due skill, care and diligence in managing the business of the firm for which he/she is responsible in his/her Controlled Function; and
- 3.4.8 to take reasonable steps to ensure that the business of the firm for which he/she is responsible in his Controlled Function complies with the relevant requirements and standards of the regulatory system.

Directors are authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when they consider this necessary to discharge their responsibilities. Also, they have access at all times to the Group Company Secretary and General Counsel, the external auditors and to independent actuarial advice.

All Directors have the right to have any unresolved concerns about the running of the Company or a proposed action recorded in the minutes.

### **3.5 Statutory Responsibilities**

The Companies Act 2006 sets out the seven general duties that the directors owe to the Company. These are:

- the duty to act in accordance with the Company's constitution;
- the duty to promote the success of the Company;
- the duty to exercise independent judgement;
- the duty to exercise reasonable care, skill and diligence;
- the duty to avoid conflicts of interest;
- the duty not to accept benefits from third parties; and
- the duty to declare interest in proposed transactions.

Each of the duties is described in more detail in the relevant section of the Companies Act 2006. Further guidance on these provisions may be obtained from the Group Secretariat.

#### **4. Permanent Board Committees**

The Board has established the following permanent Board Committees:

- Audit Committee;
- Risk and Capital Committee;
- Remuneration Committee;
- Nomination and Governance Committee;
- Investment Committee;
- Disclosure Committee;
- Share Schemes Allotment Committee;
- Corporate Responsibility Committee;
- Standing Committee;

The Terms of Reference of these Committees are contained in the Appendices to this Charter.

## 5. Glossary of Terms

<b>“Board”</b>	The Board of Directors of the Company.
<b>“Board Charter”</b>	The board charter of the Company.
<b>“Board Committee”</b>	A committee of the Board.
<b>“Chairman”</b>	The Chairman of the Board.
<b>“Company”</b>	Standard Life plc.
<b>“Group Company Secretary and General Counsel”</b>	The Group Company Secretary and General Counsel of the Company.
<b>“Director”</b>	A Director of the Company.
<b>“Group”</b>	The Company and its subsidiaries.
<b>“Chief Executive”</b>	The Chief Executive of the Company.
<b>“ERMC”</b>	The Enterprise Risk Management Committee of the Group.
<b>“Group Company”</b>	Any company within the Group.
<b>“Heritage With-Profits Fund”</b>	The Heritage With-Profits Fund of Standard Life Assurance Limited.
<b>“Matters Reserved”</b>	The schedule of matters reserved for the Board contained in the Board Charter.
<b>“Members of the Group’s Job Family”</b>	Executives of Group Companies determined by the Remuneration Committee, on Executive the recommendation of the Group Chief Executive, to be members of the Executive Job Family.
<b>“Non-Executive Director”</b>	A Non-Executive Director of the Company.
<b>“Principal Group Companies”</b>	The Company, Standard Life Assurance Limited, Standard Life Investments (Holdings) Limited, Standard Life Investments Limited, Standard Life Oversea Holdings Limited, Standard Life Finance Incorporated, The Standard Life Assurance Company of Canada, Standard Life Employee Services Limited, Standard Life Wealth Limited.

## 6. Group Matters Reserved

List of Matters to be referred to:

- the Group Board or
- the relevant Group Board Committee or
- the relevant Group Function

by Principal Group Companies (“Group Matters Reserved”) for:

- approval or
- noting or
- consolidation into a Group Paper to be submitted to the Group Board

Note: “Company” means the relevant Group Company and its subsidiaries

The Matters noted below are extracted from the Schedule of Matters Reserved. Please note that the numbering relates to the numbering of the relevant Matter Reserved (Section 2).

### 2.1 Objectives and Strategy

- 2.1.1 Approval of the objectives of the Company. (via Group Strategy).
- 2.1.2 Approval of the strategies of the Company. (via Group Strategy).

### 2.2 Structure

- 2.2.1 Approval of the corporate structure of the Company and approval of changes to it which are material to the Group.

### 2.3 Capital

- 2.3.1 Approval of changes, which are material to the Group, relating to the capital of the Company, including reduction of share capital, share issues, share buy backs, reorganisation or restructuring of capital and the listing or de-listing of the Company’s shares or other securities, including debt instruments, on any recognised investment exchange.

### 2.4 Management

- 2.4.1 Approval of the annual plans, allocation of capital, and operating and capital expenditure budgets of the Company, and any changes to them which are material to the Group. (via Group Strategy).

### 2.5 Financial Reporting, Internal Controls, Risk and Capital Management

- 2.5.2 Approval of any derogation from the Group’s accounting policies or practices by the Company. (via Group Finance).

### 2.6 Transactions

- 2.6.1 Approval of any material transaction of the Company, being:
  - 2.6.1.1 any Class 1 or Class 2 transaction (as defined by the Listing Rules);
  - 2.6.1.2 any Class 3 transaction (as defined by the Listing Rules) which gives rise to any issue of securities;
  - 2.6.1.3 any transaction with a related party (as defined by the Listing Rules) giving rise to an obligation on the Group Holding Company to send a circular to its members;
  - 2.6.1.4 an acquisition, disposal or other transaction, involving a total consideration, (or, if greater, a market value) in excess of £15m, or under which the Company incurs liabilities in excess of £15m;but excluding:
  - 2.6.1.5 any transaction permitted under the Group Risk Policies (credit risk management, market risk management, demographic and expense risk management, liquidity and capital management, and operational and strategic risk management);
  - 2.6.1.6 fund management activity and treasury investment management activity conducted by the Company in accordance with agreed limits and authorities and
  - 2.6.1.7 any loan transaction between members of the 100% Group, provided that it does not involve any policyholder funds and provided that it has been approved by the ERM.
- 2.6.2 Approval of the commencement of any activity by the Company, within its powers, where such business has not previously been transacted and where the activity is likely, in its first full year of trading, to produce more than £15m of gross income or incur more than £15m of gross expenses.
- 2.6.3 Approval of the cessation, by the Company, of any activity previously conducted, which produced more than £15m of gross income or incurred more than £15m of gross expenses in the most recent financial year.
- 2.6.4 Approval of the provision of any guarantee, indemnity or security by the Company for a sum exceeding £15m, where (in the case of guarantees and indemnities) such approval is required in accordance with the Group Guarantees and Indemnities Policy.

## **2.7 Communication**

2.7.2 Approval of all prospectuses and listing particulars, material to the Group, issued by the Company.

2.7.3 Approval of announcements of half-yearly or final results of the Company.

## **2.8 Corporate Governance, Board and Other Appointments**

2.8.1 Approval of material changes to the Board Charter of the Company, including:

2.8.1.1 governance arrangements for with-profits business (where relevant);

## **2.9 Remuneration and Pensions**

2.9.1 Approval of the establishment of, or material changes to, any relevant employee share plans and/or annual cash bonus plans.

2.9.2 Approval of the remuneration and terms of appointment of:

2.9.2.1 Chairman;

2.9.2.2 Non-Executive Directors.

2.9.3 Approval of the establishment or cessation of any pension schemes by the Company, under which any Directors or Officers of the Group may benefit, and approval of any major changes to the rules or fund management arrangements of or payments under any such scheme.

## **2.11 Policies**

2.11.2 Approval of applications for derogations from Group Policies. (via the Group Policy Owner and Group Risk Management).

In the context of the above "material to the Group" means:

- any amount greater than 10% of the Group's profit before tax as disclosed in the most recently published accounts;
- any change to the Board approved plan which requires additional capital greater than £15m;
- any change to the Board approved strategy for any subsidiary which may reasonably be regarded as likely to have a material effect on the Group's reputation or share price.

## **6.1 Board Committees**

The above list reflects the relevant Matter Reserved which must be escalated. In addition, the approval of the plc Board Committees is required for specific additional issues and they must be escalated to the relevant plc Board Committee as appropriate. Please note that the numbering has been extracted from the relevant section of each Committee ToR.

## **Remuneration Committee**

### **8. Duties**

The Committee shall:

- 8.2 approve the design of, and targets for, and any material changes to, any employee share plan (or equivalent cash-based scheme) operated by any Group Company, as well as determining the final level of vesting of all awards granted under such schemes;
- 8.3 approve the design of, and targets for, and any material changes to all annual cash bonus plans in which the Group's Executive Job Family participates, as well as determining (with appropriate input from the Audit and Compliance Committee) the level of payments to be made;
- 8.4 review any major changes in employee incentive structures below the Executive Job Family level and agree the guidelines to which all incentive plans should operate;
- 8.5 oversee remuneration trends and any major changes in employee benefits structures (including pensions) throughout the Group and recommend any changes to the Board;
- 8.6 determine and agree the general terms and conditions of service contracts (including pension terms and employee share and cash bonus plans) for ..... members of the Executive Team and any other high-end employees and be made aware of any material divergence from the remuneration principles and policy which could lead to a higher payment being made to any other Group employee;
- 8.7 approve all termination packages payable to ..... members of the Executive Team, and be made aware of any payment to any other Group employee which may be required to be made outwith of normal policy;
- 8.8 in consultation with the Chairman and/or the Chief Executive as appropriate, ..... approve the total individual remuneration packages of .....the members of the Executive Team, .... and be made aware of the salaries and total remuneration of the other members of the Group's Executive Job Family (the approval of salaries and total remuneration of the other members of the Group's Executive Job Family is delegated to the Chief Executive);

## **Nomination and Governance Committee**

### **8. Duties**

#### **8.1 Nomination**

The Committee shall:

- 8.1.2 approve the succession plans for Senior Executives of the Group reporting to the Chief Executive;
- 8.1.5 approve independent/external appointments to, and removals from, the board of directors of and board committees of the Principal Subsidiaries;
- 8.1.6 approve the appointment and removal of Senior Executives of the Group reporting to the Chief Executive;
- 8.1.7 approve changes of (and changes to the status of) the employer-nominated trustees of all pension schemes, and note changes of employee-nominated trustees;
- 8.2.2 approve material changes to the board charters, and to the constitutions of the Principal Subsidiaries.

## **Risk and Capital Committee**

### **8. Role and Duties**

#### **8.1. Risk Exposures and Risk Strategy**

- 8.1.1 The Committee shall keep under review:
  - 8.1.1.7 the risk and capital implications of product pricing principles;
  - 8.1.1.10 the Group's progress towards the implementation of Solvency II and its potential impact on capital;

#### **8.2. Enterprise Risk Management Framework**

- 8.2.2 The Committee shall, in respect of each relevant Group company, review:
  - 8.2.2.1 the key assumptions and bases underlying the annual Individual Capital Assessment, the Internal Capital Adequacy Assessment Process, and other economic capital calculations;
  - 8.2.2.2 any other major regulatory submissions involving capital (including stress test submissions);and shall raise with or make recommendations to the Board (or, if appropriate, any committee of the Board, or the relevant Group Company board) concerning any significant matters arising from such review.

#### **8.3 Scrutiny of With-Profits risk and capital matters**

- 8.3.1 The Committee shall review:
  - 8.3.1.1 material adjustments to the principles of the PPFM to the extent that they affect the Group's risk profile or use of capital;
  - 8.3.1.2 material changes in approach to the determination of payments on with-profits policies;
  - 8.3.1.3 material changes to the asset allocation strategy for the SLAL Heritage With Profits Fund to the extent that they affect the Group's risk profile or use of capital.

## **Audit Committee**

### **8. Duties**

#### **8.2. Regulatory Reporting**

- 8.2.1 The Committee shall, in respect of each Group Company within its duties, review:
  - 8.2.1.1 the key assumptions and valuation methodology used for Interim and Annual Regulatory Returns;and shall raise with or make recommendations to the Group Company board concerning any significant matters arising from such review.

## **All Committees**

In addition, for every subsidiary company which has board committees, the relevant Standard Life plc Board Committee shall:

- approve the terms of reference of each committee;
- receive and review the minutes of meetings of each committee; and
- receive and review any reports the chairman wishes to bring to their attention.

## Appendix I

### Audit Committee

#### Constitution and Terms of Reference

##### 1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairman. The Committee shall be made up of at least three members.
- 1.2 All members of the Committee shall be Non-Executive Directors who are determined by the Board to be independent and at least one of whom is considered by the Board to have recent and relevant financial experience. The Chairman of the Risk & Capital Committee will be a member of the Committee. The Chairman of the Board will not be a member of the Committee.
- 1.3 Only members of the Committee and the Secretary have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief Financial Officer, the Group Chief Risk Officer, the Group Internal Audit Director, and representatives from Group and subsidiary company finance, risk and compliance functions may be invited to attend all or part of any meeting as and when appropriate. The Committee may co-opt any Non-Executive Director satisfying the requirements for membership to join the Committee for a meeting or any longer period. The Secretary shall inform the Board when any such co-option has taken place.
- 1.4 The engagement partner from the external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for two additional three-year periods, provided the Non-Executive Director remains independent, as determined by the Board, throughout the period of appointment.
- 1.6 The Board shall appoint the Chairman. In the absence of the Chairman, the remaining members of the Committee present shall elect one of themselves to chair the meeting.

##### 2. Secretary

- 2.1 The Group Company Secretary and General Counsel or his nominee shall act as the Secretary.

##### 3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two members, at least one of whom has recent relevant financial experience.

##### 4. Frequency of Meetings

- 4.1 The Committee shall meet at least four times a year at appropriate times in the financial reporting and audit cycle and otherwise as required.

##### 5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members or at the request of the external or internal auditors.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

##### 6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board.

##### 7. Annual General Meeting

- 7.1 The Chairman shall attend the Annual General Meeting of the Company prepared to respond to any questions on the Committee's activities.

##### 8. Duties

The Committee shall carry out the duties below for Standard Life plc, principal subsidiary companies which do not have an Audit Committee, and the Group as a whole, as appropriate.

###### 8.1. Financial Reporting

- 8.1.1 The Committee shall review and recommend to the Board for approval:
  - 8.1.1.1 the draft financial statements, including significant financial reporting issues and judgements which they contain, of the Company and the Group. These financial statements shall include annual and half-yearly reports, interim

management statements, preliminary results announcements and any other formal announcements relating to financial performance;

8.1.1.2 summary financial report; and

8.1.1.3 any financial information contained in other documents which require Board approval.

8.1.2 In carrying out its duties noted in 8.1.1, the Committee shall review and challenge where necessary:

8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Group;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the clarity of disclosure in the Group's financial reports and the context in which statements are made; and

8.1.2.5 all material information presented with the financial statements, such as the business review and the corporate governance statement (insofar as it relates to audit and risk management).

## **8.2. Regulatory Reporting**

8.2.1 The Committee shall, in respect of each Group Company within its duties, review:

8.2.1.1 the key assumptions and valuation methodology used for Interim and Annual Regulatory Returns; and shall raise with or make recommendations to the Group Company board concerning any significant matters arising from such review.

## **8.3. Internal Controls over Financial Reporting, Money Laundering and Financial Crime, Prevention of Bribery and Fraud**

The Committee shall:

8.3.1 keep under review the adequacy and effectiveness of the Group's internal controls with particular focus on financial reporting and of the Group's implementation of and compliance with them, by:

8.3.1.1 receiving regular reports from the Group Internal Audit Director giving an assessment of the Group's internal controls over financial reporting environment; and

8.3.1.2 receiving regular internal financial reporting control summary reports from the external auditors.

8.3.2 review and recommend to the Board for approval the statements to be included in the Annual Report & Accounts concerning the annual review of internal controls.

## **Money Laundering and Financial Crime, Prevention of Bribery and Fraud**

The Committee shall:

8.3.3 receive and review regular reports from the Group Chief Risk Officer on compliance with the relevant standards of the Anti-Financial Crime Policy;

8.3.4 receive and review regular reports on the Group's arrangements for the management of fraud risk; and

8.3.5 receive and review regular reports on the Group's systems and controls for the prevention of bribery.

## **8.4. Whistleblowing**

The Committee shall review the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible impropriety in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

## **8.5. Internal Audit**

The Committee shall:

8.5.1 monitor and review the effectiveness of the Group's internal audit function;

8.5.2 approve the appointment and termination of appointment of the Group Internal Audit Director;

8.5.3 consider and approve the remit of the Group internal audit function and ensure it has:

8.5.3.1 adequate resources;

8.5.3.2 appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards; and

8.5.3.3 adequate standing and freedom from management or other restrictions;

8.5.4 review and assess the annual internal audit plan;

8.5.5 receive a report on the results of the work of the Group's internal audit function on a periodic basis;

8.5.6 review and monitor management's responsiveness to the findings and recommendations of the Group's internal audit function;

8.5.7 meet the Group Internal Audit Director at least once a year, without management being present, to discuss its remit, his remit, and any issues arising from the internal audits which have been carried out. In addition, the Group Internal Audit Director shall have direct access to the Chairman of the Board and to the Committee; and

8.5.8 monitor and review the liaison and co-ordination of work between the internal and external auditors.

## **8.6. External Audit**

The Committee shall:

- 8.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.6.2 oversee the relationship with the external auditor including (but not limited to):
  - 8.6.2.1 approval of the remuneration of the external auditor, whether fees for audit or non-audit services, and satisfying itself that the level of fees is appropriate to enable an adequate audit to be conducted;
  - 8.6.2.2 approval of the terms of engagement of the external auditor, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 8.6.2.3 assessing annually the independence and objectivity of the external auditor taking into account relevant professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of, and level of fees for, any non audit services;
  - 8.6.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Group (other than in the ordinary course of business);
  - 8.6.2.5 agreeing with the Board a policy on the employment of former employees of the external auditor, then monitoring the implementation of this policy;
  - 8.6.2.6 monitoring the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements; and
  - 8.6.2.7 assessing annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, including a report from the external auditor on its own internal quality procedures;
- 8.6.3 meet regularly with the external auditor, including:
  - 8.6.3.1 once at the planning stage before the audit and once after the audit at the reporting stage; and
  - 8.6.3.2 once, without management being present, to discuss its remit, the external auditor's remit, and any issues arising from the audit;
- 8.6.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.6.5 review the findings of the audit with the external auditor, including:
  - 8.6.5.1 a discussion of any major issues which arose during the audit;
  - 8.6.5.2 any accounting and audit judgements; and
  - 8.6.5.3 levels of errors identified during the audit;
- 8.6.6 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.6.7 review the external auditor's management letter and management's response to the findings and recommendations contained in the external auditor's management letter;
- 8.6.8 approve and review the implementation of a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter;
- 8.6.9 ensure co-ordination where more than one firm of auditors is involved; and
- 8.6.10 review the effectiveness of the audit.

## **8.7. Reporting Responsibilities**

- 8.7.1 The Chairman shall report formally to the Board on all matters which fall within the Committee's remit.
- 8.7.2 The Committee shall compile a report to members of the Company on its activities, to be included in the Company's Annual Report & Accounts.

## **8.8. Other Matters**

The Committee shall:

- 8.8.1 receive reports on material pending legal actions and opened litigations against or by any Group Company;
- 8.8.2 receive reports, by exception, on the Group's ongoing compliance with the requirements of the UK Listing Authority's Listing and Disclosure Rules;
- 8.8.3 be provided by the Company with sufficient resources in order to carry out its duties;
- 8.8.4 be provided by the Company with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 8.8.5 at least once a year, review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval.

## **9. Authority**

The Committee is authorised by the Board:

- 9.1 to seek any information it requires from any employee or director of the Group in order to perform its duties;
- 9.2 to obtain, at the Group's expense, external legal or other professional advice on any matter falling within its terms of reference;
- 9.3 to call on any employee to attend a meeting of the Committee as and when required; and
- 9.4 to report in the Annual Report & Accounts any disagreement between the Committee and the Board which cannot be resolved.

## **10. Relationship with the Audit Committees of the Principal and other Subsidiaries**

The Committee shall:

- 10.1 approve the terms of reference of the audit committees of the Principal and other Subsidiaries;
- 10.2 receive and review the minutes of the meetings of the audit committees of the Principal and other Subsidiaries; and
- 10.3 receive and review reports on any other matters the chairmen of the audit committees of the Principal and other Subsidiaries wish to bring to the attention of the Committee.

The Chairman is authorised to attend any meetings of the audit committees of the Principal Subsidiaries.

## **Definitions**

<b>"AGM"</b>	The Annual General Meeting of the Company
<b>"Board"</b>	The Board of Directors of the Company
<b>"Chairman"</b>	The Chairman of the Committee
<b>"Committee"</b>	The Audit Committee of the Company
<b>"Company"</b>	Standard Life plc
<b>"Group Company Secretary and General Counsel"</b>	The Group Company Secretary and General Counsel of the Company
<b>"ERMC"</b>	The Enterprise Risk Committee of the Group
<b>"Group"</b>	The Company and its subsidiaries
<b>"Group Company"</b>	Any company within the Group
<b>"Non-Executive Director"</b>	A Non-Executive Director of the Company
<b>"Principal Subsidiaries"</b>	Standard Life Assurance Limited, Standard Life Investments Limited, Standard Life Assurance Company of Canada, Standard Life Employee Services Limited, Standard Life Wealth Limited
<b>"Secretary"</b>	The Secretary of the Committee

## **Appendix II**

### **Risk and Capital Committee**

#### **Constitution and Terms of Reference**

##### **1. Membership**

1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairman. The Committee shall be made up of at least three members.

1.2 All members of the Committee shall be Non-Executive Directors who are determined by the Board to be independent. The Chairman of the Audit Committee will be a member of the Committee. The Chairman of the Board will not be a member of the Committee.

1.3 Subject to paragraph 1.4, only members of the Committee, the Chairman of the Board, any other Board Director, the Group Chief Risk Officer, the Chief Actuary, UK and Europe, and the Secretary have the right to attend Committee meetings. However, other individuals including the With-Profits Actuary, the Head of Multi-Asset and Fixed Interest, the Head of Group Internal Audit, the SLAL Chief Financial Officer, the SLAL Chief Risk Officer and the engagement partner from the external auditors will be invited to attend all or any part of any meeting as and when considered appropriate by the Committee. The Committee may co-opt any Director satisfying the requirements for membership to join the Committee for a meeting or any longer period. The Secretary shall inform the Board when any such co-option has taken place.

1.4 The Committee may meet without representatives of management (other than the Secretary) in attendance if the Committee considers it appropriate to do so having regard to its duties.

1.5 The chairman of the SLAL With-Profits Committee will be invited to attend meetings of the Committee as and when considered appropriate by the Committee.

1.6 Appointments of Non-Executive Directors to the Committee shall be for a period of up to three years, which may be extended for two additional three-year periods, provided the relevant Non-Executive Director remains independent, as determined by the Board, throughout the period of appointment.

1.7 The Board shall appoint the Chairman. In the absence of the Chairman at any meeting, the remaining members of the Committee present shall elect one of themselves to chair the meeting.

##### **2. Secretary**

2.1 The Group Company Secretary and General Counsel or his nominee shall act as the Secretary.

##### **3. Quorum**

3.1. The quorum necessary for the transaction of business shall be two members.

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

4.1 The Committee shall meet at least four times a year at appropriate times in the reporting cycle and otherwise as required by the Board or the Committee.

##### **5. Notice of Meetings**

5.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members or at the request of the Group Chief Risk Officer if he considers it necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be sent to each member of the Committee and any other person required or entitled to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

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

6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2 Minutes of Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board.

##### **7. Annual General Meeting**

7.1 The Chairman shall attend the Annual General Meeting of the Company prepared to respond to any questions on the Committee's activities.

## **8. Role and Duties**

The role of the Committee is to provide oversight and challenge of and advice to the Board on:

- the Group's current risk appetite, tolerance and risk strategy, material risk exposures and future risk strategy and their impact on levels and allocation of capital;
- the structure and implementation of the Group's Enterprise Risk Management framework and its suitability to react to forward-looking issues and the changing nature of risks;
- the risk aspects of major investments, major product developments and other corporate transactions; and
- material risk and capital matters affecting the Heritage With-Profits Fund.

The Committee shall carry out the duties below for Standard Life plc, principal subsidiary companies, and the Group as a whole, as appropriate.

### **8.1 Risk exposures and Risk Strategy**

8.1.1 The Committee shall keep under review:

- 8.1.1.1 the Group's current overall strategic and commercial priorities in a risk management context;
- 8.1.1.2 the external economic and financial environment and external financial stability assessments and other authoritative sources relevant to the Group's risk exposures and risk strategy and their impact on capital;
- 8.1.1.3 the key risk exposures inherent in the Group's future strategy proposals and their impact on capital;
- 8.1.1.4 the Group's risk appetite and risk tolerances, and material changes to financial exposures (including liquidity risk and investment risk) and breaches of risk limits (and the adequacy of the proposed remedial action) and their impact on capital and the metrics used to monitor the Group's risk management performance;
- 8.1.1.5 the due diligence risk assessments undertaken when the Group is considering a material proposed strategic transaction (including acquisitions or disposals);
- 8.1.1.6 the design of the Group's stress and scenario testing programme, and its impact on capital and the Group's business plans;
- 8.1.1.7 the risk and capital implications of product pricing principles;
- 8.1.1.8 significant changes to a Group Company's investment strategy, policy or benchmarks;
- 8.1.1.9 specific risk adjustments to be applied to performance objectives set by the Remuneration Committee in the context of incentive packages;
- 8.1.1.10 the Group's progress towards the implementation of Solvency II and its potential impact on capital;
- 8.1.1.11 the Group's ORSA including the risk scenarios and proposed management actions;
- 8.1.1.12 the risks inherent in the Group's proposed budget and longer-term plans, their capital requirements and their robustness to stress test scenarios;
- 8.1.1.13 any other relevant matter referred to it by the Board or by the board of directors of any Group Company from time to time;

and shall raise with or make recommendations to the Board or any committee of the Board on any significant matters arising from such review.

### **8.2 Enterprise Risk Management framework**

8.2.1 The Committee shall review:

- 8.2.1.1 the structure of the Group's ERM framework (ERMF) and its suitability to identify, assess and manage current and new risk types and react to forward-looking risk issues and the changing nature of risks;
- 8.2.1.2 the initiatives to strengthen risk awareness culture across the Group;
- 8.2.1.3 the implementation of the ERMF, including but not limited to, receiving regular reports from the Group Chief Risk Officer including:
  - 8.2.1.3.1 a summary of compliance with Group Policies and the results of CSA and other ORAC processes (including significant breaches of risk limits and proposed resulting remedial actions);
  - 8.2.1.3.2 a categorised dashboard summary of key risks;and receiving regular reports from the Group Internal Audit Director including:
  - 8.2.1.3.3 an assessment of the Group's internal control environment as it relates to the management of risk and capital;
  - 8.2.1.3.4 the minutes of the Group ERMC;

and shall raise with or make recommendations to the Board and/or the Audit Committee on any significant matters arising from such review.

8.2.2 The Committee shall, in respect of each relevant Group company, review:

- 8.2.2.1 the key assumptions and bases underlying the annual Individual Capital Assessment, the Internal Capital Adequacy Assessment Process, and other economic capital calculations;
- 8.2.2.2 any other major regulatory submissions involving capital (including stress test submissions) and shall raise with or make recommendations to the Board (or, if appropriate, any committee of the Board, or the relevant Group Company board) concerning any significant matters arising from such review.

### **8.3 Scrutiny of With-Profits risk and capital matters**

- 8.3.1 The Committee shall review:
- 8.3.1.1 material adjustments to the principles of the PPFM to the extent that they affect the Group's risk profile or use of capital;
  - 8.3.1.2 material changes in approach to the determination of payments on with-profits policies;
  - 8.3.1.3 material changes to the asset allocation strategy for the SLAL Heritage With Profits Fund to the extent that they affect the Group's risk profile or use of capital.
- 8.3.2 The Committee shall receive a copy of any report from the SLAL With-Profits Committee to the SLAL Board and review the report's impact on the Group's risk profile or use of capital.
- 8.3.3 The Committee shall receive a copy of any statement or report to With-Profits policyholders made by the SLAL With-Profits Committee and review the impact of the statement or report on the Group's risk profile or use of capital.
- 8.3.4 The Committee shall raise with, or make recommendations to the Board (or, if appropriate, any Committee of the Board, or the relevant Group Company board) concerning any significant matters arising from reviews carried out under this paragraph 8.4.
- 8.3.5 The Chairman of the SLAL With-Profits Committee shall have a right of access at all times to the Chairman.

### **8.4 Regulatory Compliance**

- 8.4.1 The Committee shall:
- 8.4.1.1 review and assess the annual regulatory compliance plan;
  - 8.4.1.2 receive regular reports from the Group Chief Risk Officer including a summary of the regulatory compliance activities for the period;
  - 8.4.1.3 where appropriate, request the Group Chief Risk Officer to notify the FSA of any material internal control weaknesses or other issues.

## **9. Reporting Responsibilities**

- 9.1 The Chairman shall report formally to the Board on all matters which fall within the Committee's remit.
- 9.2 The Committee shall compile a report, to be included in the Company's Annual Report, to members of the Company on:
- strategy in a risk management context;
  - potential risks facing the business and the stress testing programme;
  - how risk is managed in the business, and
  - the responsibilities, members and activities of the Committee.
- 9.3 The Chief Risk Officer shall have a right of access to the Chairman.

## **10. Other Matters**

The Committee shall:

- 10.1 be provided by the Company with sufficient resources in order to carry out its duties;
- 10.2 be provided by the Company with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 at least once a year, review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval;
- 10.4 consider and approve the remit of the risk management function, ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards and that it has adequate independence and is free from management or other restrictions; and
- 10.5 recommend to the Board the appointment and/or removal of the Group Chief Risk Officer.

## **11. Authority**

The Committee is authorised by the Board:

- 11.1 to seek any information it requires from any employee or director of the Group in order to perform its duties;
- 11.2 to obtain, at the Group's expense, and draw on, external legal, actuarial, risk management or other professional advice on any matter falling within its terms of reference to support the quality of its decision-making;
- 11.3 to call on any employee to attend a meeting of the Committee as and when required;

- 11.4 to provide advice to the Remuneration Committee on an arm's length basis whenever appropriate including when it is considering performance assessment and performance objectives set in the context of incentive packages; in the event of any difference of view between the Remuneration Committee and the Risk and Capital Committee, appropriate risk adjustments should be decided by the Group Chairman and all the Non-Executive Directors on the Group Board.
- 11.5 to interact with the SLAL With-Profits Committee as necessary in matters materially affecting the risk profile of the SLAL Heritage With-Profits Fund;

## **12. Extent of Authority**

- 12.1 The Committee's authority does not replace (or supersede) the individual statutory and regulatory responsibilities of the directors of the regulated entities within the Group.

### **Definitions**

<b>"Audit Committee"</b>	The Audit Committee of the Company
<b>"Board"</b>	The Board of Directors of the Company
<b>"Chairman"</b>	The Chairman of the Committee
<b>"Committee"</b>	The Risk Committee of the Company
<b>"Company"</b>	Standard Life plc
<b>"CSA"</b>	Control Self Assessment
<b>"Group Company Secretary and General Counsel"</b>	The Group Company Secretary and General Counsel of the Company
<b>"ERMC"</b>	The Enterprise Risk Management Committee of the Group
<b>"ERM framework (ERMF)"</b>	The Enterprise Risk Management framework of the Group
<b>"Executive Team"</b>	The Executive Team of the Group
<b>"Group"</b>	The Company and its subsidiaries
<b>"Group Company"</b>	Any company within the Group
<b>"Heritage With-Profits Fund"</b>	The Heritage With-Profits Fund of Standard Life Assurance Limited
<b>"Nomination and Governance Committee"</b>	The Nomination and Governance Committee of the Company
<b>"Non-Executive Director"</b>	A Non-Executive Director of the Company
<b>"ORAC"</b>	Operational Risk & Control
<b>"ORSA"</b>	Own Risk & Solvency Assessment
<b>"PPFM"</b>	Principles and Practices of Financial Management
<b>"Principal Subsidiaries"</b>	Standard Life Assurance Limited, Standard Life Investments Limited, Standard Life Assurance Company of Canada, Standard Life Employee Services Limited, Standard Life Wealth Limited
<b>"Remuneration Committee"</b>	The Remuneration Committee of the Company
<b>"Secretary"</b>	The Secretary of the Committee
<b>"SLAL"</b>	Standard Life Assurance Limited
<b>"With-Profits Committee"</b>	The With-Profits Committee of Standard Life Assurance Limited

## Appendix III

### Remuneration Committee

#### Constitution and Terms of Reference

##### 1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairman. The Committee shall be made up of at least three Non-Executive Directors, all of whom are determined by the Board to be independent.
- 1.2 Only members of the Committee and the Secretary have the right to attend Committee meetings. However, other individuals, such as the Group Chief Risk Officer, may be invited to attend all or part of any meeting as and when appropriate. No person invited by the Committee to attend any of its meetings shall remain present when his or her own remuneration is being considered. The Committee may co-opt any Non-Executive Director satisfying the requirements for membership to join the Committee for a meeting or any longer period. The Secretary shall inform the Board when any such co-option has taken place.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that the Non-Executive Director remains independent, as determined by the Board.
- 1.4 The Board shall appoint the Chairman who shall be a Non-Executive Director, determined by the Board to be independent. In the absence of the Chairman, the remaining members of the Committee present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

##### 2. Secretary

- 2.1 The Committee will appoint a Secretary who is a remuneration specialist, in agreement with the Group Company Secretary and General Counsel.

##### 3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members, both of whom must be Non-Executive Directors, determined by the Board to be independent.

##### 4. Frequency of Meetings

- 4.1 The Committee shall meet at least two times a year and otherwise as required.

##### 5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

##### 6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board, unless a conflict of interest arises.

##### 7. Annual General Meeting

- 7.1 The Chairman shall attend the Annual General Meeting of the Company and will answer any questions on the Committee's activities.

##### 8. Duties

The Committee shall:

- 8.1 keep under review, and make recommendations to the Board in respect of the over-arching Group-wide remuneration principles and policy, and changes to them, as contained in the People Policy;
- 8.2 approve the design of, and targets for, and any material changes to, any employee share plan (or equivalent cash-based scheme) operated by any Group Company, as well as determining the final level of vesting of all awards granted under such schemes;
- 8.3 approve the design of, and targets for, and any material changes to all annual cash bonus plans in which the Group's Executive Job Family participates, as well as determining (with appropriate input from the Audit and Compliance Committee) the level of payments to be made;
- 8.4 review any major changes in employee incentive structures below the Executive Job Family level and agree the guidelines to which all incentive plans should operate;

- 8.5 oversee remuneration trends and any major changes in employee benefits structures (including pensions) throughout the Group and recommend any changes to the Board;
- 8.6 determine and agree the general terms and conditions of service contracts (including pension terms and employee share and cash bonus plans) for the Executive Directors, other members of the Executive Team and any other high-end employees and be made aware of any material divergence from the remuneration principles and policy which could lead to a higher payment being made to any other Group employee;
- 8.7 approve all termination packages payable to Executive Directors and other members of the Executive Team, and be made aware of any payment to any other Group employee which may be required to be made outwith of normal policy;
- 8.8 in consultation with the Chairman and/or the Chief Executive as appropriate, determine and recommend to the Board the Chairman's fee, and approve the total individual remuneration packages of the Executive Directors, other members of the Executive Team, the Group Company Secretary and General Counsel, the Group Chief Risk Officer and the Secretary, and be made aware of the salaries and total remuneration of the other members of the Group's Executive Job Family;
- 8.9 agree the policy for authorising claims for expenses from the Chairman, the Executive Directors and the Non-Executive Directors, and monitor the levels of such expenses;
- 8.10 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee
- 8.11 determine the shareholding guidelines for the Chairman of the Company, the Executive Directors and other members of the Executive Team and monitor compliance with them annually.

## **9. Reporting Responsibilities**

- 9.1 The Chairman shall report formally to the Board on all matters which fall within the Committee's remit.
- 9.2 The Committee shall compile and approve on behalf of the Board a report to members of the Company on its activities and on the Company's remuneration policy and practices, to be included in the Company's Annual Report & Accounts.

## **10. Other Matters**

The Committee shall:

- 10.1 be provided by the Company with sufficient resources in order to carry out its duties;
- 10.2 be provided by the Company with appropriate and timely training both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 at least once a year, review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval;
- 10.4 ensure that any external professional advisors comply with the voluntary code of the Remuneration Consultants Group; and
- 10.5 obtain, and take into account in the performance of its duties, reliable, up to date information about remuneration in other companies.
- 10.6 seek advice from the Risk and Capital Committee, on an arm's length basis, whenever appropriate including when it is considering performance assessment and performance objectives set in the context of incentive packages, and within the context of the Group's risk profile and appetite; in the event of any difference of view between the Remuneration Committee and the Risk and Capital Committee, appropriate risk adjustments should be decided by the Group Chairman and all the Non-Executive Directors on the Group Board.

## **11. Authority**

The Committee is authorised by the Board:

- 11.1 to seek any information it requires from any Board Committee, employee or director of the Group in order to perform its duties;
- 11.2 to obtain, at the Group's expense, external legal or other professional advice on any matter falling within its terms of reference; and
- 11.3 to call on any employee to attend a meeting of the Committee as and when required.

## **12. Relationship with the Remuneration Committees of the Principal Subsidiaries**

The Committee shall:

- 12.1 approve the terms of reference of the remuneration committees of the Principal Subsidiaries;
- 12.2 receive and review the minutes of the meetings of the remuneration committees of the Principal Subsidiaries;
- 12.3 receive and review reports on any other matters the chairmen of the remuneration committees of the Principal Subsidiaries wish to bring to the attention of the Committee.

The Chairman is authorised to attend any meetings of the remuneration committees of the Principal Subsidiaries.

## Definitions

<b>“Board”</b>	The Board of Directors of the Company
<b>“Chairman”</b>	The Chairman of the Committee
<b>“Committee”</b>	The Remuneration Committee of the Company
<b>“Company”</b>	Standard Life plc
<b>“Group Company Secretary and General Counsel”</b>	The Group Company Secretary and General Counsel of the Company
<b>“Group”</b>	The Company and its subsidiaries
<b>“Group Company”</b>	Any company within the Group
<b>“Non-Executive Director”</b>	A Non-Executive Director of the Company
<b>“Principal Subsidiaries”</b>	Standard Life Assurance Limited, Standard Life Investments Limited, Standard Life Assurance Company of Canada, Standard Life Employee Services Limited, Standard Life Wealth Limited
<b>“Secretary”</b>	The Secretary of the Committee

## Appendix IV

### Nomination and Governance Committee

#### Constitution and Terms of Reference

##### 1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, and shall be the Chairman of the Board, the Chief Executive and at least three Non-Executive Directors, who are determined by the Board to be independent.
- 1.2 Only members of the Committee and the Secretary have the right to attend Committee meetings. However, the Group People Director and other individuals may be invited to attend all or part of any meeting as and when appropriate. The Committee may co-opt any Non-Executive Director determined by the Board to be independent to join the Committee for a meeting or any longer period. The Secretary shall inform the Board when any such co-option has taken place.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that the majority of the Committee members remains independent, as determined by the Board.
- 1.4 The Board shall appoint the Chairman who may be the Chairman of the Board or a Non-Executive Director determined by the Board to be independent. In the absence of the Chairman, the remaining members of the Committee present shall elect one of themselves to chair the meeting.
- 1.5 No member of the Committee shall be present when his or her own performance or re-appointment is being considered.

##### 2. Secretary

- 2.1 The Group Company Secretary and General Counsel, or a nominee of the Group Company Secretary and General Counsel approved by the Chairman of the Committee, shall act as the Secretary.

##### 3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two members, both of whom must be Non-Executive Directors, determined by the Board to be independent.

##### 4. Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year and otherwise as required.

##### 5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

##### 6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board, unless a conflict of interest exists.

##### 7. Annual General Meeting

- 7.1 The Chairman shall attend the Annual General Meeting of the Company prepared to respond to any questions on the Committee's activities.

##### 8. Duties

###### 8.1 Nomination

The Committee shall:

- 8.1.1 keep under review the structure, size and composition of the Board having regard to the principles that:
  - the majority of Board members should be Non-Executive Directors;
  - appointments should be made on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender;
  - there should be an appropriate balance of skills, knowledge and experience on the Board;
  - the membership of the Board should be refreshed progressively;and make recommendations to the Board with regard to any changes
- 8.1.2 consider and make recommendations to the Board with regard to succession planning for the Board and approve the succession plans for Senior Executives of the Group reporting to the Chief Executive;

- 8.1.3 identify, and recommend for the approval of the Board, candidates to fill Board vacancies as and when they arise:
  - using open advertising or the services of external advisers to facilitate the search;
  - by reference to a description of the role and capabilities and time commitment required for a particular appointment; and
  - seeking to consider candidates from a wide range of backgrounds.
- 8.1.4 keep under review the Board's statement on diversity, including gender, any measurable objectives that the Board has set for implementing the statement, and progress on achieving the objectives;
- 8.1.5 approve independent/external appointments to, and removals from, the board of directors of and board committees of the Principal Subsidiaries;
- 8.1.6 approve the appointment and removal of Senior Executives of the Group reporting to the Chief Executive;
- 8.1.7 approve changes of (and changes to the status of) the employer-nominated trustees of all pension schemes, and note changes of employee-nominated trustees;
- 8.1.8 keep under review the leadership needs of the Group, both executive and non-executive;
- 8.1.9 review annually the time required from Non-Executive Directors;
- 8.1.10 ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- 8.1.11 approve and review the implementation of:
  - 8.1.10.1 processes for evaluating the effectiveness of the Board, the Chairman, individual Directors and Board Committees;
  - 8.1.10.2 processes for identifying the training needs of Directors; and
  - 8.1.10.3 processes for selecting, inducting and training Directors.
- 8.1.12 make recommendations to the Board with regard to the appointment and removal of the Chairman of the Board, the Deputy Chairman of the Board (if appointed), the Senior Independent Director of the Board, the Non-Executive Directors of the Board, the Executive Directors of the Board, and the Chief Executive;
- 8.1.13 make recommendations to the Board with regard to the appointment of Directors to Board Committees and with regard to the appointment of the chairmen of Board Committees;
- 8.1.14 make recommendations to the Board with regard to the continued appointment of any Non-Executive Director at the conclusion of his or her specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 8.1.15 make recommendations to the Board with regard to the election or re-election by members of any Director;
- 8.1.16 make recommendations to the Board with regard to any matters relating to the continuation in office of any Director at any time;
- 8.1.17 make recommendations to the Board with regard to the appointment of any Director to executive or other office other than to the positions of Chairman and Chief Executive;
- 8.1.18 approve outside appointments of the Chairman and make recommendations to the Board with regard to the authorisation of any actual or potential conflict of interest of any Director of the Company, and review regularly the authorised conflicts.

## **8.2 Governance**

The Committee shall:

- 8.2.1 review and make recommendations to the Board with regard to material changes to the Board Charter of the Company and approve non-material changes to the Charter;
- 8.2.2 approve changes to the Constitution of the Company and material changes to the board charters and the constitutions of the Principal Subsidiaries;
- 8.2.3 keep under review the Corporate Governance of the Group, having regard to regulatory and legal requirements and relevant generally accepted corporate governance standards, and make recommendations to the Board regarding proposals for changes;
- 8.2.4 review the Group's overall compliance with the UK Corporate Governance Code and the related corporate governance disclosures made by Directors in the Company's Annual Report & Accounts.

## **9. Reporting Responsibilities**

- 9.1 The Chairman shall report formally to the Board on all matters which fall within the Committee's remit.
- 9.2 The Committee shall compile a report to members of the Company on its activities, to be included in the Company's Annual Report & Accounts, including the process used to make appointments and explaining if external advice or open advertising has not been used.

## 10. Other Matters

The Committee shall:

- 10.1 be provided by the Company with sufficient resources in order to carry out its duties;
- 10.2 be provided by the Company with appropriate and timely training; and
- 10.3 at least once a year, review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval.

## 11. Authority

The Committee is authorised by the Board:

- 11.1 to seek any information it requires from any employee or Director of the Group in order to perform its duties;
- 11.2 to obtain, at the Group's expense, external legal or other professional advice on any matter falling within its terms of reference; and
- 11.3 to call on any employee to attend a meeting of the Committee as and when required.

## 12. Relationship with the Nomination (and Governance) Committees of the Principal Subsidiaries

The Committee shall:

- 12.1 approve the terms of reference of the nomination (and governance) committees of the Principal Subsidiaries;
- 12.2 receive and review the minutes of the meetings of the nomination (and governance) committees of the Principal Subsidiaries;
- 12.3 receive and review reports on any other matters the chairmen of the nomination (and governance) committees of the Principal Subsidiaries wish to bring to the attention of the Committee.

The Chairman is authorised to attend any meetings of the nomination (and governance) committees of the Principal Subsidiaries.

## Definitions

"Board"	The Board of Directors of the Company
"Chairman"	The Chairman of the Committee
"Committee"	The Nomination and Governance Committee of the Company
"Company"	Standard Life plc
"Group Company Secretary and General Counsel"	The Group Company Secretary and General Counsel of the Company
"Director"	A Director of the Company
"Group"	The Company and its subsidiaries
"Group Company"	Any company within the Group
"Non-Executive Director"	A Non-Executive Director of the Company
"Principal Subsidiaries"	Standard Life Assurance Limited, Standard Life Investments Limited, Standard Life Assurance Company of Canada, Standard Life Employee Services Limited, Standard Life Wealth Limited
"Secretary"	The Secretary of the Committee

## Appendix V

### Investment Committee

#### Constitution and Terms of Reference

##### 1. Membership

- 1.1 Members of the Committee shall be appointed by the Board on the recommendation of the Nomination and Governance Committee in consultation with the Chairman, and shall be at least three Non-Executive Directors, all of whom are determined by the Board to be independent.
- 1.2 Only members of the Committee, any other Board Director, and the Secretary shall have the right to attend Committee meetings. Other individuals may be invited to attend all or part of any meeting as and when appropriate. The Chief Executive and the Chief Executive of Standard Life Investments Limited will normally attend, along with other members of staff of the Group, as deemed appropriate. The Committee may co-opt any Non-Executive Director satisfying the requirements for membership to join the Committee for a specific meeting or for any longer period. The Secretary shall inform the Board when any such co-option has taken place.
- 1.3 The Board shall appoint the Chairman who shall be a Non-Executive Director, determined by the Board to be independent. In the absence of the Chairman, the remaining members of the Committee present shall appoint one of their number to chair the meeting.

##### 2. Secretary

- 2.1 The Group Company Secretary and General Counsel or his nominee shall act as the Secretary.

##### 3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members.

##### 4. Frequency of Meetings

- 4.1 The Committee shall meet at least three times a year and otherwise as required.

##### 5. Notice of Meetings

- 5.1 Meetings of the Committee shall be arranged by the Secretary at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be sent to each member of the Committee and to any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

##### 6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and those in attendance.
- 6.2 Minutes of Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board.

##### 7. Annual General Meeting

- 7.1 The Chairman shall attend the Annual General Meeting of the Company prepared to answer any questions on the Committee's activities.

##### 8. Role and Duties

The role of the Committee is to provide oversight of:

- the high-level asset allocation strategy (including benchmarks) within the Heritage With Profits Fund (HWPF) and Insured Funds; and
- the investment activities and stewardship role of the Group as an investor and a fund manager, including specific corporate governance and stewardship matters regarding investments managed by the Group which may arise from time to time and may bring reputational risk to the Group.

##### 8.1 Asset allocation strategy

- 8.1.1 The Committee shall keep under review:

8.1.1.1 the high-level asset allocation strategy (including benchmarks) within:

- the HWPF, and
- Insured funds;

having regard to the House View of Standard Life Investments from time to time.

## **8.2 Investment activities and stewardship role of the Group as an investor**

- 8.2.1 The Committee shall keep under review:
- 8.2.1.1 the domestic and global economic and, where appropriate, political conditions and outlook;
  - 8.2.1.2 trends and major issues in relevant investment markets;
  - 8.2.1.3 the House View of Standard Life Investments;
- and consider their implications for the Group.
- 8.2.2 The Committee shall keep under review the policies and guidelines concerning the role of Group Companies as active institutional shareholders in relation to stewardship and corporate governance;
- 8.2.3 The Committee shall keep under review specific corporate governance and stewardship matters regarding investments managed by the Group which may arise from time to time and may bring reputational risk to the Group;

## **8.4 Other Matters**

- 8.4.1 The Committee shall consider and advise on any other matter relating to investments or investment business referred to the Committee by the Board;
- and shall raise with or make recommendations to the Board or any Group Company board on any significant matters arising from such reviews.

## **9. Reporting Responsibilities**

- 9.1 The Chairman shall report formally to the Board on all matters which fall within the Committee's remit.
- 9.2 The Committee shall compile a report to members of the Company on its activities, which will be included in the Company's Annual Report & Accounts.

## **10. Other Matters**

The Committee shall:

- 10.1 be provided by the Company with sufficient resources in order to carry out its duties;
- 10.2 be provided by the Company with appropriate and timely training;
- 10.3 at least once a year, review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval.

## **11. Authority**

The Committee is authorised by the Board:

- 11.1 to seek any information it requires from any employee or director of the Group in order to perform its duties;
- 11.2 to obtain, at the Group's expense, external legal or other professional advice on any matter falling within its terms of reference; and
- 11.3 to call on any employee to attend a meeting of the Committee as and when required.

## **Definitions**

<b>"Board"</b>	The Board of Directors of the Company
<b>"Chairman"</b>	The Chairman of the Committee
<b>"Committee"</b>	The Investment Committee of the Company
<b>"Company"</b>	Standard Life plc
<b>"Group Company Secretary and General Counsel"</b>	The Group Company Secretary and General Counsel of the Company
<b>"Chief Executive"</b>	The Chief Executive of the Company
<b>"Group"</b>	The Company and its subsidiaries
<b>"Group Company"</b>	Any company within the Group
<b>"HWPF"</b>	The Heritage With Profits Fund of Standard Life Assurance Limited
<b>"Insured Funds"</b>	Unit linked funds invested in through life assurance products
<b>"Non-Executive Director"</b>	A Non-Executive Director of the Company
<b>"Secretary"</b>	The Secretary of the Committee

## Appendix VI

### Disclosure Committee

#### Constitution and Terms of Reference

##### 1. Membership

- 1.1 Members of the Committee shall be appointed by the Board.
- 1.2 The Committee shall consist of the Chairman, the Deputy Chairman (if appointed), the Chief Executive, the Chief Financial Officer, and the Group Company Secretary and General Counsel, or an Associate Group Company Secretary.
- 1.3 Only members of the Committee, and the Secretary have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.4 The Board shall appoint the Chairman. In the absence of the Chairman, the remaining members of the Committee present shall elect one of themselves to chair the meeting.

##### 2. Secretary

- 2.1 A nominee of the Group Company Secretary and General Counsel shall act as the Secretary.

##### 3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be three members, one of whom shall be the Chairman or Deputy Chairman (if appointed), one of whom shall be the Chief Executive or the Chief Financial Officer and one of whom shall be the Group Company Secretary and General Counsel or an Associate Group Company Secretary. In the absence of any of the above Directors, the Committee shall co-opt any two Directors, one of whom is a Non-Executive Director to join the Committee for a specific meeting or for any longer period.

##### 4. Frequency of Meetings

- 4.1 The Committee shall meet at appropriate times as required.

##### 5. Procedures

- 5.1 The procedures applicable to committees of the Board, set out in the Company's Constitution, shall, save in so far as these terms of reference otherwise provide, apply to the Committee as it were a committee of the Board.
- 5.2 The provisions of the Company's Constitution permitting resolutions of the Company's Board to be passed in written form shall apply, mutatis mutandis, to resolutions of the Committee, substituting references to the Committee for reference to the Board.

##### 6. Minutes of Meetings

- 6.1 Minutes of Committee meetings shall be circulated to all members of the Committee, and to all members of the Board.

##### 7. Duties

The role of the Committee is to consider the disclosure treatment of information which has been identified within the Group as potential inside information and to ensure that, when relevant, disclosures are accurate and made on a timely basis. This includes:

- 7.1 assessing whether the potential inside information meets the definition of inside information;
- 7.2 for information which the Committee concludes is inside information reviewing and approving the scope, content and release of the relevant disclosures.

##### 8. Reporting Responsibilities

- 8.1 The Chairman shall report formally to the Board on the proceedings of the Committee.

##### 9. Authority

The Committee is authorised by the Board:

- 9.1 to seek any information it requires from any employee or director of the Company and its subsidiaries in order to perform its duties;
- 9.2 to obtain, at the Company's expense, external legal or other professional advice on any matter falling within its terms of reference; and
- 9.3 to approve the content of and release of any relevant disclosures. In particular the Committee is authorised to approve for release the announcement of:
  - 9.3.1 any Class 3 Transactions;
  - 9.3.2 each quarterly Trading Update;
  - 9.3.3 any changes to the membership and composition of the Board,

at times when the timing of the relevant announcement makes it impracticable to put the proposed announcement to a meeting of the full Board. The text of proposed announcements should be circulated to all Directors to allow them to comment on any announcement proposed to be considered by the Committee.

## **Definitions**

<b>“Board”</b>	The Board of Directors of the Company
<b>“Chairman”</b>	The Chairman of the Committee
<b>“Committee”</b>	The Disclosure Committee of the Company
<b>“Company”</b>	Standard Life plc
<b>“Group Company Secretary and General Counsel”</b>	The Group Company Secretary and General Counsel of the Company
<b>“Director”</b>	A Director of the Company
<b>“Group”</b>	The Company and its subsidiaries
<b>“Non-Executive Director”</b>	A Non-Executive Director of the Company
<b>“Secretary”</b>	The Secretary of the Committee

## Appendix VII

### Share Schemes Allotment Committee

#### Constitution and Terms of Reference

##### 1. Membership

- 1.1 Members of the Committee shall be appointed by the Board.
- 1.2 The Committee shall consist of two Directors of the Company and the Group Company Secretary and General Counsel, (or an Associate Group Company Secretary when the Group Company Secretary and General Counsel is unavailable) with the Head of Group Reward, (or his/her nominated representative) in attendance.
- 1.3 Only members of the Committee and the Secretary have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.

##### 2. Secretary

- 2.1 A nominee of the Group Company Secretary and General Counsel shall act as the Secretary.

##### 3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be one member who will be an Executive Director or the Group Company Secretary and General Counsel (or an Associate Group Company Secretary when the Group Company Secretary and General Counsel is unavailable).

##### 4. Frequency of Meetings

- 4.1 The Committee shall meet at appropriate times as required.

##### 5. Procedures

- 5.1 The provisions applicable to committees of the Board, set out in the Company's Articles of Association shall, save in so far as these terms of reference otherwise provide, apply to the Committee as if it were a committee of the Board.
- 5.2 The provisions of the Company's Articles of Association permitting resolutions of the Board to be passed in written form shall apply, mutatis mutandis, to resolutions of the Committee, substituting references to the Committee for references to the Board.

##### 6. Minutes of Meetings

- 6.1 Minutes of Committee meetings shall be circulated to all members of the Committee.

##### 7. Duties

- 7.1 The Committee's role is to authorise the grant of options over ordinary shares and the allotment of new ordinary shares in the Company, and to do all such other things as are necessary thereto, pursuant to, and in accordance with the Company's executive incentive plans and employee share plans, and the decisions of the Group Remuneration Committee and the Board.

##### 8. Reporting Responsibilities

- 8.1 The Committee shall report formally to the Board on its proceedings.

##### 9. Authority

The Committee is authorised by the Board:

- 9.1 to seek any information it requires from any employee or director of the Company and its subsidiaries in order to perform its duties;
- 9.2 to obtain, at the Company's expense, external legal or other professional advice on any matter falling within its terms of reference; and
- 9.3 to authorise the grant of options over ordinary shares and the allotment of new ordinary shares in the Company;
- 9.4 to do all such other things as are necessary thereto, pursuant to, and in accordance with the Company's executive incentive plans and employee share plans, and the decisions of the Group Remuneration Committee and the Board.

## **Definitions**

<b>“Board”</b>	The Board of Directors of the Company
<b>“Committee”</b>	The Share Schemes Allotment Committee of the Company
<b>“Company”</b>	Standard Life plc
<b>“Group Company Secretary and General Counsel”</b>	The Group Company Secretary and General Counsel of the Company
<b>“Group”</b>	The Company and its subsidiaries
<b>“Secretary”</b>	The Secretary of the Committee

## **Appendix VIII**

### **Corporate Responsibility Committee**

#### **Constitution and Terms of Reference**

##### **1. Membership**

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination & Governance Committee. The Committee shall comprise the Chief Executive and two other Directors, one of whom shall be an independent Non-Executive Director.
- 1.2 Only members of the Committee and the Secretary have the right to attend Committee meetings. However, other individuals such as the Head of Socially Responsible Investment, the Head of the Group Staff Associations and the Group Director of Communications, the Group People Director, and any member of the Standard Life plc Board will be invited to attend all or part of any meeting as and when appropriate. The Committee may co-opt any person to join the Committee for a meeting or any longer period, provided that Directors constitute a majority of the members of the Committee. The Secretary shall inform the Board when any such co-option has taken place.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two additional three-year periods.
- 1.4 The Board shall appoint one of the Directors to be the Chairman. In the absence of the Chairman at any meeting, the remaining members of the Committee present shall elect one of their number who is a Director to chair the meeting.

##### **2. Secretary**

- 2.1 The Group Company Secretary and General Counsel or his nominee shall act as the Secretary.

##### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members, at least one of whom is a Director.

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

- 4.1 The Committee shall meet at least two times a year and otherwise as requested.

##### **5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend. Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.

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

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Minutes of the Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board.

##### **7. Duties**

The Committee will:

- 7.1 keep under review the Group's overall approach to Corporate Responsibility and ensure it is in alignment with the Group strategy;
- 7.2 keep under review the Group's policies relating to Corporate Responsibility (including the Group's Code of Business Conduct and the Group's published Statement on Corporate and Social Responsibility) and, if appropriate, recommend amendments to such policies to the Board;
- 7.3 consider and approve (where appropriate) the adoption of international Corporate Responsibility codes and principles such as the United Nations Principles on Responsible Investment and the ABI Climate Change principles, subject to such adoption being consistent with strategies, plans and policies approved by the Board;
- 7.4 review Corporate Responsibility issues and objectives material to the Group's stakeholders and identify and monitor the extent to which they are reflected in Group strategies, plans and policies;
- 7.5 develop and recommend to the Board Corporate Responsibility targets and key performance indicators and receive and review reports on progress towards the achievement of such targets and indicators;
- 7.6 generally consider and, if appropriate, make recommendations to Directors and management throughout the Group on matters relating to Corporate Responsibility, including considering whether individual targets should be set in relation to delivering against specific Corporate Responsibility objectives;
- 7.7 review and approve the Annual Corporate Responsibility Report.

##### **8. Reporting Responsibilities**

- 8.1 The Chairman shall report formally to the Board on all matters which fall within the Committee's remit.

## 9. Other Matters

The Committee shall be provided by the Company with:

- 9.1. sufficient resources in order to carry out its duties;
- 9.2. appropriate and timely training.

At least once a year, the Committee shall review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval.

## 10. Authority

The Committee is authorised by the Board:

- 10.1 to seek any information it requires from any employee or director of the Group in order to perform its duties;
- 10.2 to obtain, at the Group's expense, external legal or other professional advice on any matter falling within its Terms of Reference;
- 10.3 to call on any employee to attend a meeting of the Committee as and when required.
- 10.4 to approve the content and publication of the Annual Corporate Responsibility Report;
- 10.5 to approve the adoption by companies within the Group of relevant international codes and principles, subject to compliance with strategies, plans and policies approved by the Board.

## Definitions

<b>"Board"</b>	The Board of Directors of the Company
<b>"Chairman"</b>	The Chairman of the Committee
<b>"Committee"</b>	The Corporate Responsibility Committee of the Company
<b>"Company"</b>	Standard Life plc
<b>"Group Company Secretary and General Counsel"</b>	The Group Company Secretary and General Counsel of the Company
<b>"Director"</b>	A Director of the Company
<b>"Group"</b>	The Company and its subsidiaries
<b>"Non-Executive Director"</b>	A Non-Executive Director of the Company
<b>"Secretary"</b>	The Secretary of the Committee

## Appendix IX

### Standing Committee

#### Constitution and Terms of Reference

##### 1. Membership

- 1.1 Members of the Committee shall be appointed by the Board.
- 1.2 The Committee shall consist of the Chairman of the Board, the Senior Independent Director, the Chief Executive, the Chief Financial Officer and, for any meeting of the Committee, any other Director who attends the meeting.
- 1.3 Only members of the Committee, and the Secretary have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.4 The Board shall appoint the Chairman. In the absence of the Chairman, the remaining members of the Committee present shall elect one of themselves to chair the meeting.

##### 2. Secretary

- 2.1 The Group Company Secretary and General Counsel or a nominee of the Group Company Secretary and General Counsel shall act as the Secretary.

##### 3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be four Directors, at least two of whom shall be Non-Executive Directors.

##### 4. Frequency of Meetings

- 4.1 The Committee shall meet at appropriate times as required.

##### 5. Procedures

- 5.1 The procedures applicable to committees of the Board, set out in the Company's Articles of Association, shall, save in so far as these Terms of Reference otherwise provide, apply to the Committee.
- 5.2 Notice of all meetings of the Committee, and all Committee papers, shall be sent to all Directors.
- 5.3 A meeting of the Committee shall be convened when it is necessary or desirable to consider before the next scheduled Board meeting a matter which would otherwise fall to be considered at that scheduled Board meeting.

##### 6. Minutes of Meetings

- 6.1 Minutes of Committee meetings shall be circulated to all members of the Committee, and to all members of the Board.

##### 7. Powers

- 7.1 The Committee shall be entitled to exercise all of the powers, authorities and discretions of the Board, including the power to sub delegate.

##### 8. Reporting Responsibilities

- 8.1 The Chairman shall report formally to the Board on the proceedings of the Committee.

##### 9. Authority

The Committee is authorised by the Board:

- 9.1 to seek any information it requires from any employee or director of the Company and its subsidiaries in order to perform its duties;
- 9.2 to obtain, at the Company's expense, external legal or other professional advice on any matter falling within its terms of reference; and
- 9.3 to approve the content of and release of any relevant disclosures.

## **Definitions**

<b>“Board”</b>	The Board of Directors of the Company
<b>“Chairman”</b>	The Chairman of the Committee
<b>“Committee”</b>	The Standing Committee of the Company
<b>“Company”</b>	Standard Life plc
<b>“Group Company Secretary and General Counsel”</b>	The Group Company Secretary and General Counsel of the Company
<b>“Director”</b>	A Director of the Company
<b>“Group”</b>	The Company and its subsidiaries
<b>“Non-Executive Director”</b>	A Non-Executive Director of the Company
<b>“Secretary”</b>	The Secretary of the Committee
<b>“Senior Independent Director”</b>	The Senior Independent Director of the Company