



Phoenix Group Holdings plc

Board Terms of Reference & Matters Reserved

Date of adoption:
5 February 2025

Purpose

The Board is responsible for:

1. Purpose	<ul style="list-style-type: none">• Promoting the long-term sustainable success of PGH for the benefit of its shareholders whilst having regard to other stakeholders such as colleagues, customers, suppliers as well as the impact of the Company's operation on the community and the environment.• Establishing the overall purpose and strategy of the Group, including the Group's sustainability strategy, and establishing the Group's long-term objectives.• Oversight and monitoring of the Group's culture, promoting a culture which is aligned with the Group's purpose, values and strategy.• Acting in accordance with all relevant and applicable legislative and regulatory rules, and in particular adherence to the Directors' Duties set out in the Companies Act 2006.• Assessing and monitoring the performance of the Group and its management against the strategy within an effective risk management and controls framework that enables risks to be assessed and managed.
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Membership & Attendance

2. Chair	<ul style="list-style-type: none">• The Chair of PGH as appointed by the PGH Board, shall chair the meeting. In their absence the Senior Independent Director ('SID') shall chair the meeting or failing that, the members in attendance shall elect one of the PGH Independent Non-executive Directors ('INEDs') to chair the meeting.
3. Members and Attendees	<ul style="list-style-type: none">• Only the PGH Board of Directors have the right to attend Board Meetings.• At the invitation of the Board, other members of Management may attend such as (but not limited to), the Group Chief Risk Officer and Group General Counsel.
4. Committee Secretary	<ul style="list-style-type: none">• Group Company Secretary or a nominee.

Meeting Management & Governance

5. Frequency and Format	<ul style="list-style-type: none">• The Board shall meet at least five times annually and ad hoc as required.• Notice of each meeting confirming the venue, time, and date together with an agenda of items and supporting papers to be discussed, should be forwarded to the Board and any other person required to attend at least five days before the meeting (unless otherwise agreed, in which case the number of days should not be less than three).• Members should attend in person (where possible), or via video conferencing or telephone. If required, matters may be approved by written resolution or electronically.• The Secretary will minute the proceedings and resolutions of all Board meetings. Once approved by the Chair, minutes should be circulated promptly to members.
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6. Quorum	<ul style="list-style-type: none"> Two members shall constitute a quorum.
7. Conflicts of Interest	<ul style="list-style-type: none"> Directors should consider any conflicts of interest prior to participating in meetings and any such conflicts to be declared and recorded at the start of the meeting.
8. Independent Advice	<ul style="list-style-type: none"> In addition to having access to the services of the Group Company Secretary and external advisors of PGH, Directors may seek independent advice in connection with their duties at the expense the Company.
9. Delegation of Authority	<ul style="list-style-type: none"> The Board delegates its powers to Board Committees through Terms of Reference and to Management through Delegations of Authority. There are Matters Reserved for the boards of directors of the Life Companies as certain decisions are reserved to those boards for approval (e.g. policyholder bonus rates and investment management agreements). The Matters Reserved of the Life Companies' boards are subject always to the following list of Matters Reserved for the Board and some decisions taken by the Life Companies' boards shall be subject to approval of the Board.

Matters Reserved for the Board

10. The following matters are specifically reserved for the PGH Board (subject to any legal or regulatory rights of shareholders):

GROUP STRATEGY AND MANAGEMENT

10.1	Establishing the Group's overall purpose and strategy and long-term objectives.
10.2	APPROVAL of the Group's Business Plan comprising the Annual Financial Plan, the Operating Plan and Operating model (together the 'BP') on the recommendation of the Risk Committee, where relevant, and monitor execution against the BP and hold Management to account for its delivery.
10.3	APPROVAL of proposals to extend the activities of the Group into new businesses where such business is outside of the approved Business Plan and has not previously been transacted by the Group or geographic areas where the Group does not currently have regulatory permissions, where such proposals are deemed to be strategic and/or likely to result in a reputational impact on the Group as a whole.
10.4	APPROVAL of any decision to cease to operate and/or merge all or any material part of the Group's business.
10.5	APPROVAL of strategic or material acquisitions and/or divestment opportunities. Clause 10.14(i) defines material.

CULTURE AND VALUES

10.6	Establishing and monitoring of the Group's culture, including assessing how the Group's desired culture has been embedded and promoting a culture which is aligned with the Group's purpose, values and strategy.
10.7	APPROVAL of the Diversity, Equity and Inclusion Policy following recommendation by the Nomination Committee.

RISK MANAGEMENT

10.8	Maintaining the adequacy and effectiveness of the Group's systems of internal control and risk management, following recommendation of the Audit and Risk Committees.
10.9	Setting the risk appetite of the Group at levels covering business and financial risks acceptable to the Group, following recommendation of the Risk Committee.

10. The following matters are specifically reserved for the PGH Board (subject to any legal or regulatory rights of shareholders):

STRUCTURE AND CAPITAL

- 10.10 Any material changes relating to the capital structure of the Group as a whole, including but not limited to:
- (i) Reductions of capital;
 - (ii) Share buy backs (including the use of treasury shares);
 - (iii) The allotment of unissued shares in the capital of the Company (subject to the appropriate authority of shareholders and except under employee share plans);
 - (iv) Establishment of new direct subsidiaries and branches (including through acquisition); and
 - (v) Any material reorganisation of the Group.
- 10.11 Any changes to the Group's listing or its status as a public limited company.
- 10.12 Responsibility for the Company's listing on the London Stock Exchange and on any other additional or replacement exchange on which the Company's securities are admitted to trading, and all requirements and obligations relating thereto.

TRANSACTIONS

- 10.13 APPROVAL of incremental operating and project expenditure in excess of £20 million over the approved annual BP.
- 10.14 APPROVAL of:
- (i) Any project or single item (irrespective of the Group entities involved) of expenditure £50 million or above in any financial year;
 - (ii) Proposals for acquisitions or disposals having value greater than £50 million and/or resulting in a class transaction under the Listing Rules;
 - (iii) Acquisition or disposal of interests of more than 3% in the voting shares of any listed company or making any takeover offer (excluding the sale or purchase of investment assets);
 - (iv) Proposals where the Shareholder Value impact (on a Group basis) exceeds £50 million);
 - (v) Proposals with a reduction in Group Solvency II Surplus above SCR or individual LifeCo entity Solvency II Surplus above Capital Management Policy in excess of £50 million; and
 - (vi) Proposals representing a risk to IFRS profits in excess of £50 million.
- 10.15 Any matter which requires the approval of PGH shareholders.
- 10.16 APPROVAL of proposals for transactions between a shareholder of the Company (or any entity or person who is connected or affiliated with, or related to, any shareholder of the Company) and any subsidiary.
- 10.17 APPROVAL of proposals for external financing arrangements, with the exception of short-term financing arrangements with a value of less than £50 million.
- 10.18 APPROVAL of Group funding for Bulk Purchase Annuities ('BPAs') transactions over the approved BP, noting that the Executive Directors of the Board have delegated authority to approve Group funding allocated to the Life Companies to support BPA transactions within the approved BP, which are consistent with the following parameters: (i) expected internal rate of return for the transaction being equal to or in excess of the Group's weighted average cost of capital; (ii) the transaction being within risk appetite limits; and (iii) all required Life Company Transaction Governance (see appendix 1) having been completed and documented.
- The Executive Directors of the Board also have delegated authority to approve commitments for further Group funding where necessary to support Temporary Strain (see appendix 1) arising from the above BPA transactions.
- 10.19 APPROVAL of entry to and termination of, and any material changes to, contracts which are material strategically and/or by reason of material size (i.e. with a value in excess of £50m) or potential reputational impact in the context of the Group as a whole.

10. The following matters are specifically reserved for the PGH Board (subject to any legal or regulatory rights of shareholders):

10.20 APPROVAL of entry to and termination of, and any material changes to, partnership, joint venture and alliance agreements which are material strategically and/or by reason of material size or potential reputational impact in the context of the Group as a whole.

FINANCIAL REPORTING

10.21 Approval of interim and annual financial and narrative statements; any formal announcements relating to the Company's financial performance; the quarterly and annual Solvency UK reporting including the Solvency Financial Condition Report ("SFCR") following the recommendation of the Audit Committee.

10.22 APPROVAL of the Group's Dividend Policy, declaration of interim dividends and recommendation of final dividends for payment to shareholders following the recommendation of the Risk Committee.

10.23 APPROVAL of any significant changes in accounting policies and practices, following recommendation of the Audit Committee.

BOARD AND OTHER APPOINTMENTS

10.24 APPROVAL of the:

- (i) Appointment/re-appointment of all Directors following recommendation of the Nomination Committee;
- (ii) Appointment of one of the INEDs as the SID following recommendation of the Nomination Committee;
- (iii) Changes to the structure and size of the Board following the recommendation of the Nomination Committee;
- (iv) Appointment of the Chair of the PGH Board and Group Chief Executive Officer;
- (v) Members and chairs of PGH Board Committees following the recommendation of the Nomination Committee;
- (vi) Re-appointment of any NED at the conclusion of their specified term of office following the recommendation of the Nomination Committee;
- (vii) The continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, following recommendation of the Nomination Committee;
- (viii) Election/re-election of directors (including independence of NEDs) ahead of the AGM; and
- (ix) appointment and removal of the Company Secretary.

10.25 APPROVAL of director appointments to the board of any company outside of the Group including reviewing the time commitment for such appointments.

10.26 Subsidiary Appointments – the APPROVAL of the:

- (i) Appointment or removal of Non-Executive Directors to the boards of the UK regulated legal entities within the Group (including but not limited to the Life Companies), direct subsidiaries of PGH and such other entities within the Group as the Board may designate (subject to approval of each respective subsidiary board and, where applicable, regulatory approval);
- (ii) non-objection for the appointment of Non-Executive directors to a direct subsidiary or regulated entity that is not domiciled within the UK; and
- (iii) Delegation of authority to the Executive Directors of the Board, the approval of the appointment or removal of Executive Directors (or internal NEDs where those directors are subject to a contract for employment within the Phoenix Group) to the boards of those entities referred to above (subject to approval of each respective subsidiary board and, where applicable, regulatory approval).

For the avoidance of doubt, NEDs referred to in clauses 10.26 (i) and (ii) are not subject to a contract for employment with the Phoenix Group.

10.27 APPROVAL of the appointment and removal of the Company's Auditors for approval by shareholders at the AGM following recommendation of the Audit Committee.

10. The following matters are specifically reserved for the PGH Board (subject to any legal or regulatory rights of shareholders):

REMUNERATION

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| 10.28 | NOTING of NED fees (the quantum of which are determined by the Chair and Executive Directors). (The fees for the Chair of the PGH Board are delegated to the Remuneration Committee to agree.) |
| 10.29 | APPROVAL of the introduction of new share incentive plans or major changes to existing plans which require shareholder approval, following recommendation of the Remuneration Committee. |
| 10.30 | APPROVAL of major changes to Group's pension schemes including any proposed contributions/funding agreements. |
| 10.31 | APPROVAL of the Directors' Remuneration Report (annually) and the Directors' Remuneration Policy (every three years or ad hoc) which require shareholder approval, following recommendation of the Remuneration Committee. |

SOLVENCY II MATTERS

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| 10.32 | Approval of Solvency II and capital matters, specifically relating to the Group but excluding matters for which the Life Companies have responsibility, including the following: <ul style="list-style-type: none">(i) The Group Internal Model;(ii) The Group Capital Management Policy and risk appetites;(iii) Solvency II Pillar 1 quantitative requirements for measurement of assets, liabilities and capital(iv) Solvency II Pillar 2 qualitative requirements, including risk governance and the Own Risk and Solvency Assessment ('ORSA'); and(v) Solvency II Pillar 3 reporting and disclosure requirements. On the recommendation of the Audit and Risk Committees, as required. |
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ASSET MANAGEMENT AND SUSTAINABILITY

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| 10.33 | APPROVAL of Group sustainable investment (including stewardship) related policies which are material by reason of size and/or potential reputational or strategic impact, subject to approval by the Sustainability Committee. |
| 10.34 | APPROVAL of the Sustainability Report and the Stewardship Report, following the recommendation of the Sustainability, Audit, and Risk Committees as required. |

STAKEHOLDER ENGAGEMENT

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| 10.35 | APPROVAL of all circulars and prospectuses and resolutions including associated documents for shareholder approval. |
| 10.36 | Oversight of the Group's approach to effective workforce, shareholder and stakeholder engagement. |
| 10.37 | Review of the Group's arrangements for the workforce to raise concerns in confidence (including anonymously), ensuring such arrangements include proportionate and independent investigation of concerns raised with means for follow-up action, at least annually. Reports from the operation of such arrangements shall also be shared with the Board as part of its review thereof. |
| 10.38 | Oversight of the Group's fulfilment of requirements of the FCA's Consumer Duty including, but not limited to, whether the Life Companies are acting to deliver good outcomes for customers/policyholders. |

LEGAL, REGULATORY AND GOVERNANCE MATTERS

10.39	APPROVAL of the terms of reference of PGH's Board Committees.
10.40	Oversight of Group's corporate governance arrangements to ensure continued compliance with the UK Corporate Governance Code.
10.41	APPROVAL of Group Policies as determined by the Board (including, but not limited to, the Group Market Abuse and Disclosure Policy, Group Delegation of Authority Limits, Group Corporate Communications Policy, Group Stewardship Policy and Group Tax Strategy).
10.42	APPROVAL of the lobbying of political parties by any member of the Group.
10.43	APPROVAL of changes to the Group Directors' and Officers' Liability insurance and indemnification of directors.
10.44	APPROVAL of changes to the Group brand and/or corporate image.
10.45	APPROVAL and authorisation of the prosecution, defence or settlement of material litigation or disputes by reason of size or potential reputational impact in the context of the Group as a whole.
10.46	APPROVAL of the appointment of the Group's principal advisers and their fees where outside the BP, noting that, in accordance with clause 10.13 above, up to £20m may be authorised by the Group Chief Executive Officer on an interim basis.
10.47	APPROVAL of: <ul style="list-style-type: none">(i) Changes to the Company's registered office;(ii) Change to the Company's name;(iii) Granting of a Power of attorney on behalf of the Company;(iv) Changes to Articles of Association of the Company and its direct subsidiaries;(v) Changes to these Board Terms of Reference.

Defined Terms

AGM	Annual General Meeting
Board of Directors or Board	Board of Directors of the Company
BP	Business Plan
BPA	Bulk Purchase Annuities
Company	Phoenix Group Holdings plc
FCA	Financial Conduct Authority
Group	Phoenix Group Holdings plc and its subsidiaries
IFRS	International Financial Reporting Standards
INED	Independent Non-Executive Director
NED	Non-Executive Director
ORSA	Own Risk and Solvency Assessment

PGH	Phoenix Group Holdings plc
SCR	Solvency Capital Requirement
SID	Senior Independent Director
Life Companies / LifeCo	Phoenix Life CA Limited, Phoenix Life Limited, ReAssure Life Limited, ReAssure Limited and Standard Life Assurance Limited

Appendix 1

Life Companies BPA Transaction Governance

Transaction Governance is defined as:

- (i) where it is proposed that liabilities will be immediately placed into the MA Fund, confirmation that a determination has been made that the transaction has 'Same Features' in the context of the Matching Adjustment;
- (ii) the Open Business Finance Director has reviewed and approved the capital impact of the transaction;
- (iii) Line 2 Risk has completed appropriate risk review, confirmed that there are no material areas of concern and has shared its findings with the Committee prior to execution;
- (iv) Operational Readiness has been confirmed;
- (v) Know Your Client checks and other client due diligence have been completed satisfactorily;
- (vi) Phoenix Asset Management has confirmed the central asset pricing assumptions;
- (vii) Phoenix Asset Management has confirmed that the transaction will not lead to a breach of any investment risk appetite tolerances (including the PRA matching adjustment tests) and that there are adequate plans in place for asset transition and hedging;
- (viii) in relation to any associated reinsurance, confirmation that the counterparty is an approved counterparty with an allocated credit limit and that no reinsurance counterparty limits will be exceeded; and
- (ix) legal due diligence has been carried out with confirmation from Legal that the legal risks are within appetite.

Temporary Strain

The Group will provide funding for BPA transactions to ensure that transactions have a no worse than neutral impact on Life Company (specifically Phoenix Life Limited) excess capital (after application of the Capital Management Policy ('CMP')) after allowing for planned reinsurance, the expected asset transition, and an appropriate allowance for acquisition and maintenance expenses. In certain cases, the life entity may be subject to a temporary negative impact on excess capital (after CMP) not covered by this funding. This is known as Temporary Strain.