

Terms of Reference for the Fidelity Independent Governance Committee (“IGC”)

1. Organisation and Purpose

- 1.1 The IGC is a committee of the Boards of each of FIL Life Insurance Ltd (“**FIL Life**”) and Financial Administration Services Limited (“**FASL**”). The IGC operates independently of FIL Life and FASL.
- 1.2 The role of the IGC is to act solely in the interests of:
 - a. active and deferred members of FIL Life’s UK DC workplace, personal pension products and stakeholder plans (“**Relevant Policyholders**”);
 - b. non-advised pathway investors in (i) FIL Life’s UK DC workplace personal pension products and stakeholder plans; and (ii) FASL’s Retail Self Invested Pension Plan (“**Pathway Investors**”); and
 - c. any other members or customers that FIL Life and/or FASL may ask the IGC to consider from time to time and in accordance with paragraph 1.3 below.
- 1.3 FIL Life and/or FASL may ask the IGC to consider the interests of other members or customers, so long as:
 - a. they provide sufficient additional resources and support to enable the IGC to do this; and
 - b. the IGC’s ability to act in the interests of Relevant Policyholders and Pathway Investors is not compromised.
- 1.4 FIL Life and FASL will take steps to ensure views of Relevant Policyholders and Pathway Investors can be represented directly to the IGC and the IGC will take account of those views.

2. Accountability

- 2.1 The members of the IGC, acting both individually and collectively, will act in accordance with these terms of reference and discharge the IGC’s responsibilities in a manner which is at all times consistent with the relevant rules and guidance of the Financial Conduct Authority (“**FCA**”), including those set out in Section 19.5 of the FCA’s Conduct of Business Sourcebook (“**COBS**”), as may be amended from time to time.
- 2.2 The IGC will:
 - a. ensure that all IGC members have a sufficient level of knowledge and understanding in order for the IGC to meet its objectives and obligations under COBS, the FCA’s relevant policy statements and any other relevant regulatory requirements, rules and guidance in force or published from time to time.
 - b. ensure that its members receive and review relevant reports in order to meet the IGC’s obligations and provide an appropriate mechanism to report to the boards of FIL Life and FASL (as appropriate) as required by COBS.
 - c. uphold high standards of governance in accordance with the relevant regulatory rules and guidance and industry best practice.
- 2.3 The IGC is authorised by FIL Life and FASL to seek, and FIL Life and FASL will take reasonable steps to provide in good time, any information the IGC reasonably requires from any employee or director of FIL Life or FASL to enable the IGC to discharge its duties under

COBS, the FCA's relevant policy statements and any other relevant regulatory requirements, rules or guidance. This information includes but is not limited to:

- a. information distilled from the discussions of existing FIL Life and FASL governance committees and oversight groups, where they deliver, manage and oversee activities that relate to FIL Life and FASL's UK DC workplace plans and retail personal pensions business (as appropriate) and their relevant governance protocols; and
- b. information on the costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the assets of Relevant Policyholders and Pathway Investors, including information on transaction costs. Information about costs and charges more broadly should also be provided, so that the IGC can properly assess the value for money of relevant products and pathway investments and their respective funds.

The IGC will agree with FIL Life and FASL detailed relevant information to be provided by FIL Life and FASL respectively to enable the IGC to discharge its duties under these terms of reference together with appropriate timescales for the provision of this information.

- 2.4 The IGC will work with existing governance arrangements within FIL Life and FASL, such as the investment and oversight committees. The IGC may draw on the expertise from employees of FIL Life and FASL and, where appropriate, appoint and use external advisers in the furtherance of its duties. FIL Life and FASL will provide funding to the IGC for independent advice if such advice is reasonably deemed necessary and proportionate by the Chair of the IGC in consultation with the relevant board(s). The IGC will inform FIL Life and FASL in advance of any significant expenditure being incurred.
- 2.5 The IGC will report in writing to the boards of each of FIL Life and FASL at least annually and provide recommendations to each board as appropriate on specific issues identified by it. The IGC has no delegated authority to make decisions or implement changes on behalf of FIL Life and/or FASL. The IGC may make recommendations to the boards of FIL Life and/or FASL in accordance with these terms of reference and such recommendations will be considered by the relevant board(s). Where the IGC makes any recommendations to the board of FIL Life or FASL, the relevant board will respond to that recommendation on a 'comply or explain' basis.
- 2.6 Where the IGC has (i) concerns about any matters it has assessed or considered; or (ii) difficulties obtaining from FIL Life and/or FASL any information that it reasonably requires; the IGC will raise its concerns with the relevant board(s). The IGC Chair may raise with the relevant board(s) any concerns that the IGC has about the information or resources that FIL Life and/or FASL provides, or arrangements that FIL Life and/or FASL have put in place in accordance with paragraph 1.4. The FIL Life and FASL boards must consider any such concerns fully and take reasonable steps to address the concerns raised by the IGC (or its Chair), which may include providing written reasons as to why FIL Life or FASL (as appropriate) has decided to depart in any material respect from any advice or recommendation made by the IGC to address any concerns it has made. Concerns should be raised promptly and in good time to allow the FIL Life and/or FASL boards to properly consider and address the IGC's (or its Chair's) concerns and recommendations.
- 2.7 Where concerns have been raised with the boards of FIL Life and/or FASL which, in the reasonable opinion of the IGC, have not been addressed satisfactorily, the Chair of the IGC may, if the IGC considers it to be appropriate and in accordance with COBS 19.5.6G(5), after having given the boards of FIL Life and/or FASL an opportunity and time to address any outstanding concerns the IGC may have, escalate its concerns to the FCA in the first instance and thereafter may alert Relevant Policyholders, Pathway Investors and employers, and make its concerns public.

- 2.8 Each of FIL Life and FASL may allocate responsibility for the management of the relationship between itself and the IGC to a person holding a designated senior management function as defined in the FCA Handbook of Rules and Guidance.

3. Appointment and Membership

- 3.1 FIL Life and FASL will jointly appoint a minimum of five members to the IGC and the majority of the IGC members, including the Chair, must be independent of FIL Life and FASL (in the ways described in and to the extent required by COBS 19.5.11R and 12G). FIL Life and FASL will recruit the independent IGC members through an open and transparent recruitment process. All IGC Members must possess appropriate skills, knowledge and experience to fulfil their duties on the IGC. The training needs of all IGC members will be considered by FIL Life and FASL at the start of and at reasonable intervals during the term of each member's appointment. FIL Life and FASL shall provide such induction and ongoing training as they deem appropriate to assist the IGC members in performing their duties effectively.
- 3.2 Appointment and any re-appointment of any IGC member is the joint responsibility of FIL Life and FASL, subject to paragraph 3.3 below.
- 3.3 The Chair will be consulted on the appointment and removal of all other IGC members.
- 3.4 Independent IGC members must not:
- a. be an employee of FIL Life, FASL or any company within the FIL Limited group of companies ("**Group Company**") or be paid by them for any role other than that which they will fulfil on the IGC or the Fidelity Master Trust Board;
 - b. have been an employee of FIL Life, FASL or a Group Company within the last five years, and
 - c. have, or have had within the last three years, a material business relationship either directly or indirectly with FIL Life, FASL or a Group Company.
- 3.5 Body corporates may be appointed to the IGC, including as the Chair. Any corporate members must notify FIL Life and FASL of the individual who will act as the corporate member's representative on the IGC.
- 3.6 The non-independent IGC members (who are employed by any Group Company) will be free to act in their capacity as IGC members and will do so solely in the interests of Relevant Policyholders and Pathway Investors.
- 3.7 Independent IGC members who are:
- a. individuals; or
 - b. Individuals acting as the representative of an independent corporate member,

will be appointed for fixed terms of office of no more than five years, with a cumulative maximum duration of ten years. For the avoidance of doubt:

- c. the maximum ten-year duration does not apply to the independent corporate member, just the individual representative or such corporate member; and
- d. after having served on the IGC for the maximum duration of ten years, independent IGC members who are individuals (including those representing independent corporate members) are not eligible for reappointment to the IGC until five years have elapsed.

- 3.8 Save in respect of the Chair, IGC members may resign on giving three months' written notice to FIL Life and FASL. FIL Life and FASL may jointly agree (having consulted with the Chair) to remove such IGC members on giving three months' written notice to the relevant IGC member.
- 3.9 The Chair may resign on giving six months' written notice to FIL Life and FASL. FIL Life and FASL may jointly agree to remove the Chair on giving six months' written notice to the Chair.
- 3.10 Notwithstanding paragraphs 3.8 and 3.9, the boards of FIL Life and FASL reserve the right to remove an IGC member (including the Chair) with immediate effect if the relevant IGC member has failed to fulfil his or her duties and/or has committed a material breach of their duties as specified under these terms of reference (which may include a breach of the relevant FCA rules and guidance).
- 3.11 FIL Life and FASL shall replace any vacancies that arise within the IGC as soon as possible and in any event within six months.
- 3.12 The following persons are ineligible to be appointed as IGC members:
- a. a person convicted of any offence involving dishonesty or deception, or any other serious criminal offence;
 - b. a person who is subject to bankruptcy proceedings or sequestration;
 - c. a person who has made an arrangement with his or her creditors;
 - d. a person who is disqualified as a company director; or
 - e. a person who has been disciplined by, suspended, prohibited or otherwise disqualified from performing any role or function by any regulatory or governmental body (including the FCA and the Pensions Regulator).

IGC membership will be automatically terminated with immediate effect in respect of an IGC member if any of the events listed in limbs (a) to (e) above occurs in relation to that IGC member following his or her appointment as such.

4. Meetings

- 4.1 The IGC may invite any of the following individuals to its meetings (as relevant for FIL Life and/or FASL) as the IGC determines to be appropriate:
- a. the UK Managing Director;
 - b. Head of UK Workplace Investing;
 - c. Head of UK Personal Investing and Wealth Solutions;
 - d. existing Oversight Committee members;
 - e. Executive Committee members;
 - f. Head of UK Business Legal / a representative of the UK Business Legal Department;
 - g. Head of Compliance / a representative of the UK Compliance Department;

- h. Head of Operations / a representative of the UK Operations Department; and
 - i. such other employees of any Group Company (including, for the avoidance of doubt, a Non-Executive Director of any Group Company).
- 4.2 The IGC will meet at least quarterly, or more frequently as the IGC deems appropriate.
- 4.3 Meetings will be scheduled on a quarterly basis and all IGC members are expected to attend meetings.
- 4.4 Meeting attendance by video, telephone or other form of electronic communication is permitted.
- 4.5 Decisions of the IGC require approval by a simple majority of its members participating in the relevant meeting.
- 4.6 Decisions of the IGC can be made by written agreement by all members of the IGC and such agreement can be given by electronic communication.
- 4.7 If the IGC needs to meet at short notice to discuss a material matter, then the Chair or his/her delegate will contact the IGC members and explain the matters to be addressed. IGC members should make reasonable efforts to attend such meetings.
- 4.8 Agendas and meeting papers will generally be circulated seven working days before the meeting date, which will confirm the timing and location of the meeting.
- 4.9 IGC members may suggest items for the agenda in advance of the relevant meeting either via the Chair or via the Secretary.
- 4.10 Once an agenda has been finalised, any exceptional matters of business will be considered at the actual meeting under "Any Other Business" at the Chair's discretion.

5. Quorum

- 5.1 The quorum for IGC meetings will be four IGC members, three of whom must be independent.
- 5.2 Meetings will normally be chaired by the Chair. If the Chair is absent, the meeting will be chaired by another independent member.
- 5.3 In the event of a tied vote, the Chair of the meeting shall have the casting vote.

6. Resourcing

FIL Life and FASL will provide the IGC with the necessary support and resources for the IGC to carry out its duties independently and will make appropriate arrangements for sharing confidential and commercially sensitive information with the IGC. FIL Life and FASL shall agree the funding to be provided to the IGC in line with the IGC's duties performed in respect of each company. To this end, the IGC shall prepare clear statements of the performance of its duties as they relate to each of FIL Life and FASL.

7. Duties and Responsibilities

The IGC will discharge its duties under COBS and these terms of reference, in particular (but not exclusively) by carrying out the following duties:

7.1 **FIL Life: IGC value for money duties in respect of Relevant Policyholders**

The IGC will maintain ongoing oversight of the ongoing value for money for Relevant Policyholders through assessing:

- a. whether all investment strategies (including default and non-default investment strategies) are designed and executed in the interests of Relevant Policyholders, with a clear statement of aims, objectives and structure and how these are appropriate for their membership;
- b. whether the characteristics and net performance of all investment strategies (including default and non-default investment strategies) are regularly reviewed by FIL Life to ensure alignment with the interests of Relevant Policyholders, and whether FIL Life takes action to make any necessary changes;
- c. whether core financial transactions in respect of Relevant Policyholders are processed promptly and accurately;
- d. the levels of charges borne by Relevant Policyholders;
- e. the direct and indirect costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the pension savings of Relevant Policyholders, including transaction costs; and
- f. whether communications to Relevant Policyholders are fit for purpose and properly take into account the Relevant Policyholders' characteristics, needs and objectives.

On expiry of transitional provisions detailed in COBS TP2 (Other transitional provisions), the IGC will ensure that:

- a. the publication of administration charges and transaction costs information in respect of Relevant Policyholders complies with the rules and guidance in COBS 19.5.13R, 14R, and 15G (and in relation to transaction costs, a warning giving brief details of any unavailable information that the IGC is aware of is provided);
- b. all Relevant Policyholders are provided with an annual communication complying with the rule and guidance in COBS 19.5.17R, 18G, and 19G; and
- c. information is communicated to the Relevant Policyholders in a manner that pays due regard to the purposes for which Relevant Policyholders might reasonably use the information (including, for example, that it is straightforward for Relevant Policyholders to use the annual communication to compare the transaction costs and administration charges between fund options that are available for them to select, as set out in COBS 19.5.20).

On request, the IGC will make the annual communication available to:

- a. the Relevant Policyholders' spouses or civil partners; and
- b. persons within the application of relevant pension schemes and qualifying or prospectively qualifying for benefits under the relevant pension scheme.

7.2 **FIL Life and FASL: Common IGC duties in respect of pathway investments**

The IGC will maintain ongoing oversight of the ongoing value for money for Pathway Investors invested in (i) FIL Life's UK DC workplace personal pension products and

stakeholder plans; and (ii) FASL's Retail Self Invested Pension Plan through assessing:

- a. whether the pathway investment(s) offered by each of FIL Life and FASL:
 - are designed and managed in the interests of Pathway Investors; and
 - have a clear statement of aims and objectives;
- b. whether the characteristics and net performance of the pathway investment(s) are regularly reviewed by FIL Life and FASL to ensure alignment with the interests of its Pathway Investors and whether FIL Life and FASL take action to make any necessary changes;
- c. whether core financial transactions in respect of Pathway Investors are processed promptly and accurately;
- d. the level of charges borne by Pathway Investors;
- e. the direct and indirect costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the drawdown fund(s) of Pathway Investors, including transaction costs; and
- f. whether communications Pathway Investors are fit for purpose and properly take into account the Pathway Investors' characteristics, needs and objectives.

7.3 FIL Life and FASL: Common IGC duties in respect of environmental, social and governance (ESG) considerations, non-financial matters and stewardship

- a. Where FIL Life and/or FASL (as appropriate) have an investment strategy or make investment decisions which could have a material impact on the Relevant Policyholders' or the Pathway Investors' investment returns, the IGC will consider and report on:
 - the adequacy and quality of FIL Life's and/or FASL's policy in relation to ESG financial considerations and non-financial matters;
 - how the considerations or matters above are taken into account in FIL Life's or FASL's investment strategy or investment decision making; and
 - the adequacy and quality of FIL Life's or FASL's policy in relation to stewardship.
- b. Where FIL Life and/or FASL (as appropriate) do not have a policy in relation to ESG financial considerations, non-financial matters or stewardship, in each case, the IGC will consider and report on FIL Life or FASL's (as appropriate) reasons for not having a policy.
- c. Where FIL Life and/or FASL (as appropriate) have not already taken into account, in their investment strategy or investment decision making, other financial considerations that pose a particular and significant risk of financial harm to Relevant Policyholders or Pathway Investors, the IGC will:
 - consider and report on the adequacy and quality of FIL Life and/or FASL's (as appropriate) policy (if any) in relation to those other financial considerations and whether and how those considerations are taken into account in FIL Life or FASL's (as appropriate) investment strategy or investment decisions; or

- consider and report on FIL Life or FASL's (as appropriate) reasons for not having a policy in relation to those considerations.
- d. The IGC will consider and report on the extent to which FIL Life or FASL (as appropriate) have implemented their stated policies in relation to the considerations and matters above, in line with the guidance in COBS 19.5.6G(10).

8. Reporting

- 8.1 The Chair of the IGC is responsible for the production of an annual report by 31 July each year in respect of the previous calendar year, covering:
- a. the IGC's opinion on the value for money delivered by relevant schemes and pathway investments, having due regard to the matters detailed in paragraphs 7.1 and 7.2 of these terms of reference;
 - b. the IGC's opinion on the adequacy and quality of FIL Life and FASL's policies, or reasons for not having policies, in relation to the considerations and matters detailed in paragraphs 7.3(a), 7.3(b) and, where applicable, 7.3(c) of these terms of reference;
 - c. the extent to which FIL Life and FASL have implemented their stated policies in relation to the considerations and matters detailed in paragraphs 7.3(a), 7.3(b) and, where applicable, 7.3(c) of these terms of reference;
 - d. on expiry of transitional provisions detailed in COBS TP2 (Other transitional provisions), the information on administration charges and transaction costs complying with the requirements in COBS 19.5.16R;
 - e. any concerns raised by the IGC with the boards of FIL Life and FASL and the response received to those concerns; and
 - f. how the IGC has considered Relevant Policyholders' and Pathway Investors' interests.
- 8.2 The annual report must also include:
- a. how the IGC has sufficient expertise, experience and independence to act in Relevant Policyholders' and Pathway Investors' interests;
 - b. how each independent member of the IGC has taken account of COBS 19.5.12G, together with confirmation that the IGC considers these members to be independent;
 - c. the arrangements put in place by FIL Life and FASL to ensure that the views of Relevant Policyholders and Pathway Investors are directly represented to the IGC; and
 - d. where the IGC is unable to obtain from FIL Life and/or FASL, and ultimately from any other person providing relevant services, the information it requires to assess or to consider the matters in the IGC's remit of review, the annual report will describe why it has been unable to obtain the information and how it will take steps to be granted access to that information in the future.
- 8.3 The annual report will be made available to FIL Life and FASL for due consideration in advance of it being made available to Relevant Policyholders, their employers and/or Pathway Investors.

9. Conflict of Interests

- 9.1 A conflict of interest may arise between:
- a. the interests of any IGC member (including the interests of an individual representative of a corporate member) and the duties IGC members owe to Relevant Policyholders or Pathway Investors; or
 - b. the differing interests of two or more groups of Relevant Policyholders or Pathway Investors.
- 9.2 A conflict of interest may also arise where competing obligations or motivations result in, or are likely to result in, material risk of damage to the interests of a Relevant Policyholder or Pathway Investor or group of Relevant Policyholders or Pathway Investors.
- 9.3 Members of the IGC will take all reasonable steps to identify, mitigate and manage conflicts of interest and in particular to prevent such conflicts of interest from adversely affecting the interests of Relevant Policyholders and Pathway Investors.
- 9.4 The IGC will not deal directly with complaints from individuals.

10. Confidentiality

- 10.1 Written materials provided to the IGC and discussed by IGC members and other attendees at meetings, which have not been published, are considered to be confidential to whichever of FIL Life and/or FASL they concern.
- 10.2 IGC members will be expected to adhere to the security policies on data that apply to the Fidelity group.

11. Secretariat

- 11.1 All meetings will be provided with independent secretarial support that will:
- a. assist the Chair in promoting high standards of governance;
 - b. provide impartial advice to the IGC on issues of process and governance and ensuring that its procedures are complied with;
 - c. prepare and circulate agendas and meeting packs in advance of each IGC meeting no later than seven working days prior to the meeting, where possible;
 - d. prepare and circulate minutes of each meeting within ten business days of a meeting;
 - e. prepare and maintain an appropriate Conflicts of Interest Policy for the IGC and make these available to FIL Life and FASL; and
 - f. prepare and maintain a record of IGC member training.
- 11.2 Secretarial support is a non-voting role.

12. IGC Evaluation

- 12.1 The secretary of the IGC is responsible for ensuring that the IGC conducts an annual evaluation of its effectiveness by assessing overall performance against its duties and responsibilities.

12.2 The IGC will conduct a review of its composition at intervals of no more than three years.

13. Terms of Reference Revisions

13.1 The IGC will review and reassess the adequacy of these terms of reference at least annually and make recommendations for change (by vote of the majority of IGC members) to the boards of FIL Life and FASL.

13.2 All changes are subject to approval by the boards of FIL Life and FASL.

13.3 For the avoidance of doubt, the boards of FIL Life or FASL (the “**Revoking Firm**”) each have discretion to revoke these terms of reference so that they no longer apply to the Revoking Firm. If that happens, then once that revocation takes effect in accordance with paragraph 13.4:

- a. these terms of reference will only apply with respect to whichever of FIL Life and FASL is not the Revoking Firm (the “**Remaining Firm**”); and
- b. these terms of reference shall cease to apply with respect to the IGC (if any) of the Revoking Firm and all references in these terms of reference to the Revoking Firm shall be disregarded; and
- c. the IGC shall then be the IGC of the Remaining Firm only,

provided that such revocation shall be without prejudice to any matters under discussion or in dispute between the IGC and the Revoking Firm relating to matters arising, and to accrued duties and obligations of the Revoking Firm and the IGC, prior to such revocation.

13.4 The revocation referred to in paragraph 13.3 may only take effect on the expiry of 30 days after the Revoking Firm has given written notice of the revocation to the Remaining Firm and the Chair of the IGC.

13.5 All references in these terms of reference to FCA rules and guidance shall be to those rules and guidance as amended, modified, withdrawn or replaced from time to time. If any such amendment, modification, withdrawal or replacement results in a need to amend these terms of reference then FIL Life and FASL will work closely with the IGC to make such amendments.

Reviewed by the IGC as at 14 September 2021

Approved by the FIL Life board on 27 September 2021

Approved by the FASL board on 16 September 2021