

Teachers Assurance

Specimen Letter of Appointment of Non-Executive Director to the Board of Teachers Provident Society Limited

Dear

At a meeting on [date], the Committee of Management (board) of the Society accepted a recommendation from the Nomination Committee that you be appointed to the Board as a non-executive director, subject to meeting the requirements of the Financial Services Authority. I am writing to set out the terms of your appointment. This is not a contract of employment.

Your appointment is for an initial period until the [year] Annual General Meeting, unless terminated earlier by and at the discretion of either party. Continuation of the appointment beyond the [year] AGM is dependent upon satisfactory performance and re-election by the members of the Society. Non-executive directors are typically expected to serve two three year terms, although the board may invite you to serve for an additional period.

Overall we anticipate a time commitment of 15-20 days per year after the induction phase. This includes attendance at 7 fixed board meetings, the AGM and up to 3 other dates set aside as provisional board dates. In addition you will be expected to devote appropriate preparation time in advance of meetings.

In accepting this appointment you confirm that you are able to allocate sufficient time to meet the expectations of your role. The agreement of the Chairman of the Society should be sought before accepting additional commitments that might affect the time you are able to devote to the role of non-executive director of the Society.

As part of the terms of your appointment, you will be expected to become a member of the Society i.e. a policyholder. For details of products that qualify you for membership please contact Tom Smith, Company Secretary on [telephone number].

Non-executive directors have the same general legal responsibilities to the Society as any other director. The board as a whole is collectively responsible for promoting the success of the Society by directing and overseeing the Society's affairs.

The board provides entrepreneurial leadership of the Society within a framework of prudent and effective controls, which enable risk to be assessed and managed.

The board sets the Society's strategic aims and ensures the necessary resources are in place to meet its objectives. It sets the Society's values and standards and ensures that its obligations to members, regulators and others are understood and met.

The board monitors executive management performance.

In addition to the above the role of the non-executive director includes the following.

Non-executive directors should constructively challenge and contribute to the development of strategy.

Non-executive directors should scrutinise the performance of executive management in meeting agreed objectives and targets and monitor the reporting of performance.

Non-executive directors should satisfy themselves on the integrity of the financial information and that financial controls and systems of risk management are robust. Non-executive directors are responsible for determining appropriate levels of remuneration for executive directors and have a role in appointing and if necessary removing senior management.

You will be paid a fee of £[amount] pa. The Society will reimburse your reasonable and properly substantiated expenses incurred in the performance of your duties.

It is accepted that you have external interests and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and Company Secretary as apparent. The board of the Society have determined you to be independent within the definition set out in the Annotated Version of the Combined Code followed by the Society.

All information acquired during the period of your appointment is confidential to the Society and should not be released, either during or after your appointment to third parties without prior approval from the Chairman.

I have arranged for our Company Secretary to provide you with a comprehensive information pack. Once you have had a few days to peruse this we will provide a tailored induction programme during which you will meet management in Bournemouth and spend time with the Chairman. We will also take the opportunity as they arise for you to meet our auditors and actuarial advisers.

The performance of individual directors and the whole board together with its committees is evaluated annually.

The Society has directors and officers' liability insurance and it is intended that this should continue throughout the term of your appointment. Full details will be included with the information pack referred to above.

We have arrangements in place for non-executive directors to receive external professional advice on matters related to the carrying out of the role at our expense. Full details are set out in the terms of reference documentation included in the information pack.

Tom Smith is preparing all the documentation referred to above and this should be with you shortly together with a list of any further information he needs to complete the paperwork. In the meantime I have attached a list of the board dates for the remainder of [year].

I also enclose the FSA application form for you to complete so that we can register you as a non-executive director. If anything on this form is unclear, please contact our Head of Compliance and Risk, Paul Beaumont, on [telephone number].

I would appreciate receiving your formal written acceptance of the appointment and look forward to working with you for the benefit of TPS members.

Yours sincerely

JOHN WALLBRIDGE
CHAIRMAN