

## **Terms of Reference – Investment Committee**

### **1. Membership**

- 1.1. The Committee shall comprise at least 5 members, and must include the Finance Director and at least one non-Executive Director.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, the Group Head of Internal Audit will be invited to attend meetings and other non-members may be invited by the Chair to attend for all or part of any meeting, as and when appropriate.
- 1.3. The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or the appointed deputy, the Board, or a sub-committee of the Board, shall appoint a Director to chair the meeting.

### **2. Secretary**

- 2.1. The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

### **3. Quorum**

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

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

- 4.1. The Committee shall meet four times a year and otherwise as required.

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

- 5.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 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 no later than five days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 5.3. Meetings may be held by means of conference call, webinar or any other method which allows the Committee members to communicate with each other simultaneously. In addition, decisions of the Committee may be made by email correspondence.

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

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

## **7. Annual General Meeting**

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

## **8. Duties**

The Committee shall:

### **8.1. Risk Management**

- 8.1.1. Have oversight of the activities of the Investment Function and the Investment Committee to monitor compliance with agreed strategies and the constraints set by the Board, General Insurance Risk Committee, Life Risk Committee and With Profits Committee.
- 8.1.2. When requested, comment on or recommend investment constraints from Life Risk Committee / General Insurance Risk Committee.
- 8.1.3. Provide assurance that actual risk exposures match those reported via the Group Risk Committees.

### **8.2. Investment Strategy**

- 8.2.1. Recommend the Group Investment Strategy (including asset allocation and duration) to the Board, and provide assurance that it is appropriate given the profile and timing of liabilities.
- 8.2.2. Provide assurance to the Board that the Investment Strategy is performing effectively, and is giving an appropriate return given current market and economic conditions and the timing of liabilities.
- 8.2.3. Provide assurance to the Board that Group's investment activity is adhering to the agreed Investment Strategy.
- 8.2.4. Provide assurance to the Board that investment activity complies with all regulatory requirements, including those in respect of the "Prudent Person Principle", Matching Adjustment and Volatility Adjustment.

### **8.3. Strategy and Risk**

- 8.3.1. Challenge risk owner views to ensure that all relevant risks are identified, understood, and being managed appropriately given Group risk appetites. All committee members have responsibility for being aware of changes in the risk environment relating to Market Risk and raising these at committee meetings.
- 8.3.2. Facilitate the Own Risk & Solvency Assessment (ORSA) by ensuring adequate time, resource and attention is given to relevant ORSA activities and outcomes. This includes providing input into forward-looking scenarios, challenging all relevant findings and recommending enhancements.

- 8.3.3. Where appropriate commission, and consider the results of, “deep dives”.

#### **8.4. Risk Framework**

- 8.4.1. Comment on the appropriateness of all aspects of the Group’s framework for enabling the effective identification, measurement, management and monitoring of risk relating to Market Risk. This includes its approach to:

- 8.4.1.1. Defining and embedding risk appetite; and

- 8.4.1.2. Embedding all relevant Group risk policies, including associated controls.

- 8.5. Work and liaise as necessary with all other Board Committees.

#### **9. Reporting Responsibilities**

- 9.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action is needed.

#### **10. Other Matters**

The Committee shall

- 10.1. have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 10.2. be provided 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. give due consideration to laws and regulations and the provisions of the UK Corporate Governance Code.
- 10.4. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

#### **11. Authority**

- 11.1. The Committee is authorised to obtain, at the Company’s expense, outside legal or other professional advice on any matters within its terms of reference.