

## INVESTMENT COMMITTEE

### TERMS OF REFERENCE

#### **Purpose**

The purpose of the Investment Committee is to oversee compliance with the Investment Strategy and review its continuing appropriateness in the light of changing circumstances with consideration to the needs of both with-profit and non with-profit policyholders, and with the terms of the PPFM.

#### **Membership**

Members of the Committee shall be appointed by the Board in consultation with the Chair.

The Investment Committee will comprise of all members of the Board.

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.

Appointments to the Committee shall be subject to annual review.

The Board shall appoint the Chair who shall be an Independent Non-Executive Director. In the absence of the Chair, the remaining members of the Committee present shall elect one other Independent Non-Executive Director to chair the meeting.

The Chair shall have a casting vote.

#### **Administration**

*Secretary* - The Society Secretary or his/her nominee shall act as the Secretary.

*Quorum* - The quorum necessary for the transaction of business shall be three committee members of which two shall be Independent Non-Executive Directors.

*Frequency of meetings* - The Committee shall meet at least four times a year.

*Notice of meetings* - 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. 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 working days before the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

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



## Duties

- 1 To set the Investment Policy, subject to Board approval, in compliance with the terms of the PPFM in respect of with-profit policyholders and in line with the requirements of other non with-profit policy holders including the review and approval of established limits for investments and the review and approval of credit policies including investment and counterparty liability taking advice from the Chief Actuary and other appropriate financial advisers.
- 2 To periodically review the appropriateness of the Investment Policy in light of current circumstances of the Society, in particular in respect of capital requirements, overall market conditions, and environmental, social and governance considerations.
- 3 Develop and keep under review the appropriateness of key risk indicators and tolerances, and information provided by third parties, such as financial institutions, asset managers and rating agencies.
- 4 To oversee the application of the Investment Policy in respect of:
  - a) Appointing, monitor and terminate the Society's fund managers, investment managers, and asset managers and custodians;
  - b) Determining the asset allocation and performance benchmarks of its funds and other investments in order to obtain a sustainable yield and meet policyholders' expectations;
  - c) The appropriate selection of investments of unit-linked and index-linked contracts in the best interests of policyholders and beneficiaries, taking into account and managing constraints related to unit-linked contracts;
  - d) The implementation, management, monitoring and control procedures in relation to investments that are not admitted to trading on a regulated financial market, or to complex products, which are difficult to value;
  - e) The rationale and demonstration of the effective risk transfer obtained by the use of derivatives where these are used to contribute to a reduction of risks or as a risk mitigation technique;
  - f) Ensuring that the interests of the Society and the interests of the originator or sponsor are well understood and aligned, where investing in securitised instruments;
  - g) The completion of an appropriate assessment prior to entering in to any non-routine investment activities;
  - h) Monitoring the performance of the funds, other investments, and derivatives;
  - i) Key risk indicators and tolerances, including any significant risks or changes in the risk profile of the investments or investment activities;
  - j) The regular review and monitoring of the security, quality, liquidity, and profitability of the portfolio as a whole, including any significant impairment to the same where using derivatives to facilitate efficient portfolio management;



- k) The appropriateness of any actions taken to identify and manage conflicts of interest regarding investments, whether arising in the Society or in a third party entity which manages an asset portfolio.
  - l) Recommending to the Board the Society's approach to compliance with the Stewardship Code.
5. Seek approval of the Board prior to implementing any material change to the investment policy, asset allocation or investment in asset types or instruments not previously approved by the Board.
6. In liaison with the With-Profits Advisory Arrangement, and subject to Board approval, appoint and terminate investment advisers, fund managers, investment and asset managers and custodians.

### **Reporting**

- 7. After each meeting of the committee provide a report on its activities and copies of minutes to the Board.
- 8. The Chair of the committee shall attend the Society's Annual General Meeting to answer member questions on the activity of the committee.

### **Other Matters**

The Committee shall:

- Be provided by the Society with sufficient resources in order to carry out its duties.
- Be provided by the Society with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- At least once a year, review its own performance, constitution, composition and terms of reference to assess its operational effectiveness and recommend any changes it considers necessary to the Board for approval.

### **Authority**

The Committee is authorised by the Board:

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

**Approved by the Board: 13 December 2023**

