



TERMS OF REFERENCE

**The Royal London Mutual Insurance Society Limited
Investment Committee**

Version	2.0
Author	Group Company Secretarial
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1. Purpose

- 1.1. The Investment Committee (the '**Committee**') is responsible for assisting the Board of The Royal London Mutual Insurance Society Limited (the '**Board**' or the '**Company**') in the discharging of its responsibilities in respect of investment matters, including investment strategy, and in its oversight of the investment assets of the Company, including investment performance.
- 1.2. To monitor, review, make decisions where within its delegated authority limits and make recommendations to the Board.
- 1.3. The Committee will not have responsibility for the investment strategy of any Group defined benefit pension fund. In addition the Committee will not review the activities of Royal London Platform Services ('**RLPS**') (previously known as Ascentric).
- 1.4. The Committee provides guidance to the Investment Office and other areas of the business and also has oversight of the Investment Office to ensure that it has sufficient resources and maintains independence from Royal London Asset Management Limited ('**RLAM**').

2. Membership

- 2.1 The current members are: Sally Bridgeland (Chairman), Ian Dilks, Tim Harris, Jon Macdonald and Julius Pursaill.
- 2.2 The Committee should consist of both non-executive directors and executive directors. An additional non-executive member may also be appointed.
- 2.3 The Committee shall comprise of not less than three members, at least two of whom shall be independent non-executive directors. Committee members are appointed by the Board on the recommendation of the Nomination Committee in consultation with the Committee Chairman. All members of the Committee shall have sufficient knowledge of the Company's business and of the industry to bring an independent and objective challenge.
- 2.4 The Chairman of the Board must not be a member of the Committee.

3. Quorum and Voting

- 3.1 The quorum shall be two members one of whom must be a non-executive member.
- 3.2 In the absence of the Committee Chairman and / or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 3.3 Each member of the Committee shall have one vote, and matters requiring a vote of members shall be approved by a simple majority of those members present at the meeting, or by the unanimous written consent of all the Committee members.



4. Attendance at meetings

- 4.1 Only Committee members have the right to attend Committee meetings. The Board Chairman, Board directors, Group Chief Executive, Group Finance Director, Group Risk Director and senior members of RLAM and the Investment Office shall generally be invited to attend (if they are not Committee members). In addition the With Profits Actuary is entitled to attend.
- 4.2 The Committee may invite external advisers and other attendees to attend meetings where it considers this to be appropriate.
- 4.3 The Board's Secretary, or such person as the Board's Secretary may recommend, shall be the Secretary of the Committee. The Secretary shall not be a member of the Committee.

5. Frequency

- 5.1 The Committee must meet at least 4 times a year.

6. Notice of meetings

- 6.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of its members.
- 6.2 Unless otherwise agreed, the meeting agenda and supporting papers shall be sent to Committee members and other attendees, as appropriate, ordinarily 5 days in advance of the meeting to enable full and proper consideration to be given to the issues.

7. Proceedings

- 7.1 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and by exception, raise them and minute them accordingly.
- 7.2 The Committee shall maintain minutes of each meeting which shall be approved and signed by the Committee Chairman as soon as is reasonably practicable from the date of the meeting. Following the Chairman's approval the minutes may be distributed to all members of the Committee unless a conflict of interest exists, and others as may be agreed by the Chairman.

8. Support

- 8.1 The Committee has access to the services of Company Secretariat for advice and to assist in the carrying out of its duties.



- 8.2 The Investment Office manages day to day activities in relation to the Company's investment activities and provides support to assist the Committee in fulfilling its responsibilities under these Terms of Reference.
- 8.3 The Committee is authorised by the Board to investigate, or cause to be investigated, any activity within its Terms of Reference. In doing so may seek such reasonable information as it requires from relevant employee or directors within the Company or working for and on behalf of the Company, in order to perform its duties and responsibilities.
- 8.4 At the expense of the Company, in line with Article 15.3 of the Company's Articles of Association, the Committee shall be able to select, appoint and agree the terms of appointment of any advisers deemed appropriate by the Committee to provide independent advice to the Committee but within any budgetary constraints imposed by the Board, and in consultation with Finance.

9. **Responsibilities of the Committee**

- 9.1 When performing its duties the Committee will have regard to other Board Committees. In particular liaise with (a) the With Profit Committee ('**WPC**') which has responsibility for the achievement of fair treatment of policyholders entitled to share in the profits of the Group (including investment matters), and (b) the Board Risk Committee ('**BRC**') whose duties include risk and capital management and assessment of the impact of the economic scenarios. The Committee should have oversight that investment activity is conducted within risk appetite and, where proposals are made outside risk appetite, that there is appropriate rationale and confirmation that the BRC / Board has approved the proposal.
- 9.2 Without in any way absolving them from their responsibilities, the Committee may agree with other Board committees the areas for oversight and responsibility for recommendations to the Board should be split from time from time. The split of responsibilities should be reviewed whenever the Committee's Terms of Reference are reviewed.

The Committee is responsible for:

Risk Framework

- 9.3 Receiving and reviewing on an annual basis assurance from the Executive that the investment risk framework adopted by the Group is appropriate, including the Executive's approach to compliance with the Solvency II Prudent Person Principle.
- 9.4 Ensuring that the Executive has the appropriate plans and controls in place with the necessary resources and capability to manage the Investment Risk Framework.
- 9.5 Reviewing the risk reporting provided by the Executive to ensure it is aligned to the Group's Investment Risk Framework and confirm its suitability for the escalation to the



BRC / Board (as appropriate) of investment related risks, for example, if outside of the Risk Appetite.

Philosophy, Strategy and Investment

- 9.6 Reviewing on an annual basis for recommendation to the Board the investment principles which are approved by the Board from time to time (**'Investment Philosophy'**)
- 9.7 Reviewing on an annual basis, or as required, the Executive's assessment of investment strategies deployed using the Company's investment assets against Investment Philosophy and Risk Appetite; approving changes where these are aligned to Investment Philosophy and Risk Appetite, or making recommendations to the Board if not.
- 9.8 Reviewing proposals from the Executive on the suitability of new investment classes (or sub-classes) for the Company's investment assets by considering them in the context of the Investment Philosophy, Investment Strategy and against the Investment Risk Framework / Risk Appetite; approving changes where these are aligned to these frameworks, or else recommending proposed changes to the Board where such matters are reserved to the Board.
- 9.9 Reviewing and approving matters (e.g. property transactions) above individual's delegated authorities and within current Committee parameters.

Oversight of Asset Managers and other third parties involved in investment

- 9.10 Periodic review of third parties involved in investment, including Custodians, external asset managers and RLAM, to ensure these are in line with the Investment Philosophy and, where applicable, the Group's investment manager framework.
- 9.11 Reviewing, and approving where appropriate, the appointment and removal of fund managers, recommending to the Board any changes where reserved to the Board. This includes on a periodic basis, formally considering the appropriateness of the appointment of RLAM to manage the Group's funds.
- 9.12 Having oversight of the governance of the relationships between Group and investment managers / material outsourcers / service providers (including Custodian) / derivatives counterparties; including contractual terms, fee structures, service level agreements and other policies such as corporate responsibility. This should include periodic, risk-based confirmation that the Investment Management Agreements or other relevant legal documentation governing such relationships are current and fit for purpose.
- 9.13 Receiving quarterly reports from the Executive on investment performance and operational effectiveness of investment managers and agreeing action on any material issues affecting investment operations and performance.



New Fund Launches

- 9.13 Reviewing proposals from the Executive on investment aspects of significant proposals for new funds to be marketed to customers, with regard to alignment to the Investment Philosophy and Investment Risk Framework, taking into account the Group's seeding policy where appropriate.

10. Annual General Meeting

- 10.1 The Chairman of the Committee, or in their absence a representative of the Committee, should be available at the Annual General Meeting to reply to questions that may be raised that are relevant to the role and responsibilities of the Committee.

11. Reviewing Effectiveness

- 11.1 The Committee will review its effectiveness on an annual basis and assess whether it is fulfilling its obligations under these Terms of Reference.

12. Publication of Terms of Reference

- 12.1 The Terms of Reference of the Committee will be available on the Company's website.