



TERMS OF REFERENCE

The Royal London Mutual Insurance Society Limited
Investment Committee
(the 'Committee')

Version	1
Author	Group Company Secretarial
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The Royal London Mutual Insurance Society Limited

Investment Committee terms of reference

1 Role

- 1.1 The role of the Committee is to support the Board of The Royal London Mutual Insurance Society Limited (the "Company") in managing investments held as principal.

2 Membership

- 2.1 The Committee comprises at least three members of which at least two will be independent members or Non-Executive Directors. The Committee Chair will be a Non-Executive Director of the Company.
- 2.2 Only members of the Committee have the right to attend Committee meetings. Other individuals may be invited by the Committee Chair to attend all or part of meetings.
- 2.3 Appointments to the Committee are made by the Board and will be for a period of up to three years, which, subject to satisfactory performance, may be extended for further periods of up to three-years, provided the member still meets the criteria for membership of the Committee.
- 2.4 The Board will appoint the Committee Chair. If the Committee Chair is absent from a meeting, the remaining members present will elect a member of the Committee to chair the meeting.
- 2.5 Membership of the Committee will be reviewed annually by the Company Chairman in consultation with the Committee Chair.

3 Secretary

- 3.1 The Company Secretary or his or her nominee is the Secretary of the Committee.
- 3.2 The Secretary will be responsible for ensuring that the Committee complies with its terms of reference.

4 Quorum

- 4.1 The quorum is two members. Members may attend in person or by telephone or video conference. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all of the authorities, powers and discretions vested in the Committee.
- 4.2 Circulated written resolutions constitute a resolution of the Committee.

5 Frequency of meetings

- 5.1 The Committee will meet at least four times a year.

6 Notice of meetings

- 6.1 Committee meetings will be convened by the Secretary of the Committee at the request of the Committee Chair or Company Chairman.
- 6.2 Unless otherwise agreed with the Committee Chair, notices of meetings confirming the venue, time and date together with the agenda and supporting papers will be forwarded to each member of the Committee and the Committee Chairman no later than five working days before the date of the meeting. Relevant papers may be made available to other individuals required to attend.

7 Minutes of meetings

- 7.1 The Secretary will minute the proceedings and resolutions of meetings, record declarations of interests and those present and in attendance.

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7.2 Draft minutes will be circulated promptly to the Committee Chair and subsequently be circulated to Committee members for approval and to the Company Chairman. Approved minutes will be signed by the Committee Chair and be made available to the Board.

8 Duties

8.1 Advice to the Board

8.1.1 Recommend whether to be a signatory, as an asset owner, to the UK Stewardship Code

8.1.2 Recommend changes to the Committee's delegated authority limits

8.1.3 Recommend the Company's voting policy, including limitations of delegations to asset managers and the governance and process of decision-making around, in particular, high risk and sensitive resolutions proposed by investee boards of directors, shareholders or bondholders

8.1.4 Recommend any material changes, terminations or appointment of any asset/fund managers or investment service providers. For the purpose of this clause, material is defined as having funds under management greater than £100m or an appointment of an asset manager that has no pre-existing relationship with the Company

8.1.5 Recommend the asset classes used for investment and recommend additions and deletions after considering the risks, controls and skill sets of managers to execute transactions and manage portfolios consistent with the Investment Philosophy, the Investment Risk Framework and the Group's Strategic Asset Allocation Framework, where applicable

8.1.6 Recommend limits for investment in approved asset classes, at individual fund level where appropriate.

8.2 Advice to the Risk and Capital Committee

8.2.1 Recommend any proposed investments outside of: approved asset classes for investment; delegated limits; policy; or risk appetite.

8.3 Advice to the Board having taken the advice of the Chief Executive and Group Chief Actuary

8.3.1 Annually recommend the Group's investment philosophy, embracing responsible investment.

8.4 Advice to the Audit Committee

8.4.1 Recommendations for internal audit work.

8.5 Advice to the Nominations and Governance Committee

8.5.1 Recommend changes to the terms of reference of the Committee having conducted annual reviews of the Committee's performance and, at least annually, a review of the terms of reference to ensure the Committee is fully discharging its responsibilities

8.5.2 Recommend the appointment, suspension or dismissal of the Investment Office Director.

8.6 Other duties

8.6.1 Establish an appropriate approach to comply with the Prudent Person Principle in accordance with Solvency II, and oversee evidence of compliance

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- 8.6.2 Periodically review the approach to investment in both existing and new investment asset classes, having considered the interests of policyholders and members and any material environmental (including climate change), social and governance matters
- 8.6.3 Review and approve Strategic Asset Allocations for all relevant funds, in line with the Strategic Asset Allocation Framework
- 8.6.4 Approve delegated authority limits to all appointed asset managers and annually inform the Risk and Capital Committee of the limits and subsequently consider carefully any feedback received from that Committee
- 8.6.5 Review and approve investment decisions that have systemic implications for conduct risk
- 8.6.6 Review investment decisions for consistency with the Company's purpose
- 8.6.7 Approve investments outside authorities delegated to appointed asset managers, but within the limits of the Committee's authorities
- 8.6.8 Review and approve the creation or termination of funds, where these are beyond the delegated authorities of the Executive
- 8.6.9 Annually and as required review the effectiveness and skill sets of the Group's Investment Office, making recommendations to the Chief Executive for required changes
- 8.6.10 Periodically review the systems and resources in place to manage all risks including systemic and idiosyncratic risks associated with investment, markets, environmental, social and governance risks in line with the Investment Risk Framework
- 8.6.11 Periodically review the performance of all asset managers, outsource service providers, custodians and derivative counterparties, instigating change as necessary
- 8.6.12 Review and approve the Company's submission in respect of the UK Stewardship Code
- 8.6.13 Every three years, formally review the appropriateness of RLAM to manage the majority of the Company's assets
- 8.6.14 At least every three years and as required, review and approve the following:
 - 8.6.14.1 Strategic Asset Allocation Framework
 - 8.6.14.2 Responsible Investment Framework
 - 8.6.14.3 Box management and limits policy
 - 8.6.14.4 Approved asset classes for investment, delegation and limits policy
- 8.6.15 Ensure compliance with the frameworks and policies overseen by the Committee.

9 Reporting

- 9.1 The Committee Chair will update the Board on the Committee's proceedings (noting any approvals and recommendations for approvals) after each meeting.
- 9.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit.
- 9.3 The Committee will produce a report to be included in the Company's Annual Report and Accounts on the Committee's activities. The report will be fair, balanced and understandable and apply best practice reporting.
- 9.4 The Committee Chair should attend the Annual General Meeting to answer members' questions on the Committee's activities.

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10 Other matters

- 10.1 The Committee will have access to sufficient resources to carry out its duties.
- 10.2 The Committee will 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 The Committee is authorised to obtain, at the Company's expense, outside legal, risk, investment and other professional advice on any matter within its terms of reference.
- 10.4 The Committee will assess compliance, as an asset owner, with all codes of conduct that the Company has signed up to and, in its annual report to members, disclose any material exceptions to compliance.

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Version approvals

Version	Approved by IC	Approved by Board	Posted on website
1	10 June 2020	25 June 2020	18 November 2020