

TERMS OF REFERENCE – INVESTMENT COMMITTEE

1. Membership

- 1.1 Members of the Committee shall be appointed by the Society's Board and shall be made up of at least three members, including the Chief Executive and two non-executive directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Finance Director, the Financial Controller, the Actuaries and representatives from the external fund managers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further three-year periods, subject to the provisions under 1.1 above.
- 1.4 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or a non-executive director. 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.

2. Secretary

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

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be any two members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least four times a year and at such other times as the Chairman of the Committee shall require. Meetings may be held in person, over the telephone or by technology enabled conference.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be provided to each member of the Committee and any other person required to attend, no later than ten working days before the date of the meeting. Details of the agenda of items to be discussed, together with supporting papers, shall be forwarded to Committee members and to other attendees, as appropriate, no later than five working days before the date of the meeting.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance and for whom apologies for absence have been received.
- 6.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless a conflict of interest exists.

7. Annual General Meeting

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

8. Duties

The Committee shall:

- 8.1 draw up and regularly review Investment Guidelines and recommend investment policy to the Board, including the review and approval of established limits for investments and the review and approval of credit policies including investment and counter party liability, taking advice from the actuaries and other appropriate financial advisers;
- 8.2 regularly monitor the investments of the Society to ensure that they are consistent with the investment policy and report to the Board any variations from the policy, the reasons for this and any remedial actions;
- 8.3 determine counterparty credit ratings for companies in which the Society wishes to make investments;
- 8.4 regularly review the performance of both internal and external fund managers against the agreed benchmarks and report the outcomes to the Board;
- 8.5 at least every 3 years, the Committee will review the capabilities, performance and costs of each fund manager against selected competitors and recommend to the Board either continuation with the existing manager(s) or a move to a new manager(s);
- 8.6 report frequency, membership of, and attendance by members at Committee meetings in the Society's Annual Report and make a statement about its activities; and
- 8.7 make available to members the Committee's terms of reference, which should set out the Committee's role and delegated responsibilities and be reviewed and, where necessary, updated annually.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally 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 or improvement is needed.
- 9.3 The Committee shall compile a report to members on its activities to be included in the Society's Annual Report.

10. Other

- 10.1 The Committee shall, at least once a year, review its own performance, 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

The Committee is authorised:

- 11.1 to seek any information it requires from any employee of the Society in order to perform its duties; and
- 11.2 to obtain, at the Society's expense, outside legal or other professional advice on any matters within its terms of reference.