

# The Original Holloway Friendly Society Limited

## TERMS OF REFERENCE

### Investment Committee

#### 1. Membership

The Committee comprises at least three Non-Executive Directors, the Chief Executive and the Chief Financial Officer. Committee Members are appointed by the Board.

Only Committee Members have the right to attend Committee meetings. At the Chair's discretion, the Chief Actuary, Financial Controller and Compliance Officer are routinely invited to attend all scheduled meetings. At the Chair's discretion, external investment managers may be invited to attend for all or part of any meeting, as and when appropriate.

The Committee will routinely meet with only Committee Members present, in private.

The Board will review the membership of Committees annually.

The Board will nominate the Chair of the Committee. The Chair should be an independent Non-Executive Director. In the absence of the Chair for a particular meeting, those Committee Members present may elect one of their number to chair a meeting.

Any Director may attend all or part of a meeting of the Committee, subject to the Chair's agreement.

## 2. Secretary

The Company Secretary or her/his delegate will act as the Committee's Secretary, unless the Committee prefers to record all or part of its meeting in private.

## 3. Quorum

The quorum for a duly convened meeting where the business comprises the receiving of reports and the making of recommendations to the Board is two Committee Members.

Only a duly convened meeting of the Committee at which there is a majority of Non-Executive Directors forms a quorum competent to exercise all other authorities, powers and discretions vested in or exercisable by the Committee. This quorum can be achieved for a given meeting if one or more Executive Committee Members recuses themselves from voting for the entire meeting.

## 4. Frequency of Meetings

The Committee is expected to meet twice per year and additionally as the Chair deems necessary.

## 5. Notice of Meetings

Committee meetings will be called by the Secretary at the request of the Chair.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, and agenda will be forwarded to each Committee Member and any other person required to attend no later than 7 working days before the date of the meeting. Supporting papers will be circulated at an appropriate time.

## 6. Minutes of Meetings

The Secretary will minute the proceedings and resolutions of all meetings, including the names of those present and in attendance.

The Chair will call for any new conflicts of interest to be declared at the beginning of each meeting, and an appropriate minute will be taken.

Draft minutes will be agreed with the Chair, then ordinarily circulated to all Directors and the Chief Actuary. Appropriate minutes will be circulated to attendees where necessary. The accuracy and completeness of previous minutes will be considered at the start of the next scheduled meeting.

## 7. Annual General Meeting

The Chair will expect to attend the Annual General Meeting, prepared to respond to any questions from the Society's membership on the Committee's activities.

## 8. Duties & Responsibilities

The principal duty of the Committee is to report, and where appropriate make recommendations, to the Board on any matter within these terms of reference.

The principal responsibility of the Committee is to ensure the appropriate investment of the Society's assets sufficient to meet budgets, regulatory capital requirements and to generate an appropriate risk-adjusted return. This responsibility includes monitoring performance of the fund managers to ensure that the investment aims and objectives are being met and that the fund managers are adhering to their mandate.

The Committee carries out the following activities:

- setting and reviewing investment guidelines in line with risk appetite.
- setting threshold asset class parameters congruent with the agreed guidelines.
- making appropriate arrangements for investment management.
- selecting, appointing and removing investment managers.
- set and review the contract terms for chosen investment managers.
- advising the Board of expected investment returns and their reliability.
- receives reporting on investment matters.

The Committee monitors:

- the performance of the Society's assets.
- the performance of investment managers.
- the investment control environment
- the application of the prudent person principle

relative to the allocations determined by the Committee.

and sets/reviews:

- appropriate credit ratings for corporate bonds and other assets
- compliance with risk parameters
- target returns, where set
- performance against benchmarks
- cost effectiveness of investment managers.

and will review annually:

- the appropriateness and adequacy of the investment information presented to the Committee and the Board.

### *Recommending to the Board*

The Committee will recommend the following to the Board:

- an appropriate investment strategy and policy

## 9. Reporting Responsibilities

The Chair will report the Committee's activities to the Board at the Board's next suitable meeting.

The Committee is authorised to make whatever recommendations it deems appropriate, on any area within its remit, where action or improvement is needed, to the Board.

The Committee will make a statement in the Society's annual report about its activities.

## 10. Liaison with the Board and other Board Committees

The Committee's terms of reference are broad and overlap with the terms of other Board Committees. As part of the Society's overarching governance framework, the Committee is expected to interact with and complement the activities of other Committees where appropriate.

In particular, the Committee will liaise with the Audit & Risk Committee regarding investment risk and the impact of investments on the financial statements.

## 11. Governance of the Committee

The Committee will review its own performance, constitution and terms of reference at least once a year to ensure that it is operating at effectively. Any changes it considers necessary will be recommended to the Board for approval.

The Chair will appraise Committee Member performance in discussion with the Board Chair.

Committee Members will appraise the Chair in their discussions with the Board Chair.

## 12. Authority & Resources

The Committee is authorised to oversee any investigation of activities that are within its terms of reference. It will give due consideration to laws and regulations to which the Society is subject, and to appropriate corporate governance codes.

The Committee has access to sufficient resources to carry out its duties, including to the Company Secretariat.

The Committee is authorised to seek any information it requires, from any employee or contractor of the Society, to perform its duties. It can request the attendance of any employee at one of its meetings as and when required.

The Committee is authorised to obtain, at the Society's expense, external legal or other professional advice on any matters within its terms of reference.

**By Order of the Board**

**September 2018**