

**1.0 GENERAL**

- 1.1 The Investment Committee is a sub-committee of the Board of the Ancient Order of Foresters Friendly Society Limited.
- 1.2 It considers matters in relation to investment of funds managed by the Society.
- 1.3 The Investment Committee reports to the Board of the Society and conducts its business in accordance with the Society's Rules, these Terms of Reference, any applicable legislation or regulation and the Society's policies, principles and values.

**2.0 MEMBERSHIP**

- 2.1 Membership and the Chairmanship of the Committee will be determined by the Board of the Society taking into account the recommendations of the Nominations Committee.
- 2.2 The Committee will consist of not fewer than five members. Three members of the Committee must be independent Non-Executive Directors and they shall be joined on the Committee by the Chief Executive Officer and the Finance Director. At least one of the Non-Executive Directors should be regarded by the Board as having recent and relevant investment experience.
- 2.3 Only members of the Committee have the right to attend Committee meetings but other individuals may be invited to attend whole or part of the meeting if appropriate.
- 2.4 The Committee may request the presence, at any of its meetings, of any Employees of the Society as it may decide.

**3.0 MEETINGS**

- 3.1 The Chairman of the Committee will chair each meeting. In the case of the Chairman's absence, the members present will elect one of their number to chair the meeting.
- 3.2 The Committee will meet not less than four times a year and at such other times as the Chairman of the Committee shall determine or a member of the Committee shall request. The date of any meeting will not be changed without all members being given at least one week's notice of the revised date.
- 3.2 The quorum will be three members at least two of whom must be Non-Executive Directors. Committee members may be present in person or through any other means of communication but to count towards a quorum, members must be able, fully, to hear and participate in the Committee's proceedings.

- 3.3 The content of the Agenda for each meeting shall be determined by the Committee Chairman and drafted by the Committee Secretary, in a form approved by the Committee Chairman.
- 3.4 The Agenda and papers for each meeting of the Committee will be submitted under the authority of the Committee Chairman and will be circulated to members at least one week prior to the meeting. Papers not complying with these requirements will not be tabled at the meeting except with the prior approval of the Chairman.
- 3.5 The Chairman may vote on any issue as an ordinary member of the Committee. If, having done so, the voting is level; he may, if he so decides exercise an additional casting vote to decide the issue.
- 3.6 The Company Secretary or his or her nominee will act as Secretary to the Committee. The Committee Secretary is responsible for producing minutes of the Committee meetings. The minutes will be passed to the Chairman of the Committee and circulated to all Committee members and appropriate attendees within two weeks.

#### **4.0 MAIN FUNCTIONS**

- 4.1 The Committee is authorised by the Board, in conjunction with the With-Profits Actuary and the Actuarial Function Holder, to recommend to the Board the investment strategy, including asset allocation, for the Society and the Committee will make asset allocation decisions in line with agreed policy and strategy. The policy and strategy are to be reviewed and approved by the Board on an annual basis.
- 4.2 The Committee will, within agreed risk appetite for market and credit risks:
- a) approve the investment management agreements and the appointment of external investment managers;
  - b) approve all Investment transactions in excess of £1m with an upper limit of £10m, above which must be referred to the Board; the limits to be reviewed annually by the Board;
  - c) ensure compliance with all applicable legislation and relevant guidance in respect of compliance with investment mandates.
- 4.3 The Committee will review and monitor:
- a) the matching of assets and liabilities;
  - b) the fund performance of all asset classes plus the total portfolio against performance measurement targets (benchmarks) understanding the impacts of external factors;
  - c) the performance and fees of all external investment managers;
  - d) the investment strategy, including asset allocation and risk management policy;
  - e) Conflicts of Interest Guidelines and any insider trading events;
  - f) risk limits and the risk appetite;
  - g) error and breach logs for unit-linked funds.

- 4.4 In the performance of its duties the Committee can obtain external professional advice where necessary.
- 4.5 The Committee shall carry out such other activities as may be determined by the Board.

## **5 STANDARDS**

- 5.1 It is the responsibility of the Committee to monitor that, in regards to investment performance, reporting and governance that the Committee follows appropriate good practice as laid down in the Society's policies, principles and values and relevant codes of practice.
- 5.2 The Committee should take due regard of market conditions, regulatory requirements and guidelines, applicable legislation and the Society's business needs in its deliberations.
- 5.3 The Committee should take into account the recommendations of the Chief Executive and other members of management;

## **6 REPORTING**

- 6.1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on how it has discharged its responsibilities.
- 6.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.3 The Chairman of the Committee shall attend the Annual General Meeting to respond to any questions on Committee activities.

## **7 AUTHORITY**

- 7.1 The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 7.2 The Committee is authorised to obtain, at the Society's reasonable expense, outside legal or other professional advice on any matters within its terms of reference in accordance with any procedures agreed by the Board.

## **8 CHANGES IN CIRCUMSTANCES AND OTHER INTERESTS**

- 8.1 The Committee will adhere to the Society's Conflict of Interest Policy, the Society Rules and relevant legislation. When there is an agenda item which poses a conflict of interest for any Committee member that member should withdraw from the meeting.
- 8.2 All declarations of conflicts of interest shall be recorded in the minutes of the meeting. They shall also be recorded in the register of interests of Directors and senior staff.
- 8.3 All Committee members are required to notify the Secretary of the Society of all other bodies in which they have a significant interest or of which they are an employee, director, partner, trustee or for which they perform a similar role.

8.4 All Committee members are required to notify the Secretary of the Society of any changes in circumstances which may affect their Approved Person status under the Appropriate Regulator's regulatory regime or their ability to perform their role as a member of the Committee.

## **9 MONITORING**

The Committee will:

- a) Periodically review these terms of reference and make any necessary proposals to the Board as to their amendment.
- b) Periodically review and report to the Board on the effectiveness of the Committee.
- c) 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.

Approved by the Board 24 September 2014

A handwritten signature in blue ink, appearing to read 'Glossell', is written over the text 'Company Secretary'.

Company Secretary