

THE CHILDREN'S MUTUAL

INVESTMENT COMMITTEE

TERMS OF REFERENCE

1. PURPOSE AND CONSTITUTION

- 1.1 The Investment Committee ("the Committee") shall lead the process of review, have certain decisions delegated to it, and make recommendations to the Board regarding all matters relating to the development, maintenance and monitoring of the investment strategy and policy.
- 1.2 The Board, on the recommendation of the Nomination Committee, shall appoint the Committee and its Chairman. The Committee shall comprise of at least three Directors.
- 1.3 The Chairman of the Board shall be a Non Executive Director. At least one member of the Committee should have recent and relevant investment management experience.

2. PROCEDURE

- 2.1 The Committee shall meet as and when it deems necessary; provided that it shall meet at least four times each year.
- 2.2 Any two members of the Committee shall comprise a quorum.
- 2.3 In the absence of the Chairman of the Committee from any particular meeting, the remaining members present shall elect one of their number present to chair the meeting.
- 2.4 At least twice a year, the Committee shall meet with the various appointed investment managers and receive an oral report from them regarding the performance of that aspect of the portfolio they are charged with managing and projected performance given the anticipated market environment.
- 2.5 The Committee may request the attendance at its meetings, either by a standing invitation or specific request, of any Director or employee of, or adviser to, The Children's Mutual. The Head of Actuarial Function / With Profits actuary, the Regulation and Risk Director AND THE Head of Investments or their appointed deputies shall generally be expected to attend meetings of the Committee, unless requested otherwise.
- 2.6 Any Director who is not a member of the Committee may request to attend meetings of the Committee.
- 2.7 The Company Secretary, or a deputy, shall act as Secretary to the Committee.
- 2.8 Minutes of Committee meetings shall be circulated to the Committee, in draft, immediately following their approval for circulation by the Chairman of the Committee and, in final form, to all members of the Board with the next set of Board papers following their approval.
- 2.9 The Chairman of the Committee, after each meeting, will make a report to the following Board meeting.

3. AUTHORITY

- 3.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee is authorised to obtain independent professional advice where necessary, at The Children's Mutual's expense, and to require the provision of any information from any Director or employee of The Children's Mutual.

4. DUTIES

- 4.1 The duties of the Committee are:

- i. to formulate appropriate investment strategies (including determining performance benchmarks) for the funds of the Society and its subsidiaries, having regard to the Society's liabilities, stated appetite for investment risk, solvency margins, liquidity requirements and the reasonable expectations of members taking account of the recommendations of the Actuarial Function Holder and the With Profits Actuary;
- ii. to determine and approve at least annually, the asset allocation criteria within which the investment managers are required to operate;
- iii. to monitor and review the investment strategies put in place and the performance of the fund managers in giving them effect and to take such action as is deemed necessary taking into account the factors referred to in 4.1.i and 4.1.ii above; and
- iv. to review the terms of any contract with a fund manager and to make recommendations on such appointments to the Board. The appointment of all fund managers shall be reviewed on a three year rolling basis to consider the appropriateness of their ongoing appointment having regard to their performance compared to their peers.

5. OTHER

- 5.1 to evaluate its own collective performance at least annually;
- 5.2 to review annually these terms of reference and either recommend changes to the Board or confirm to the Board that no changes are required;
- 5.3 to report on its work annually in the Company's Annual Report;
- 5.4 to consider the nature, quality and timeliness of management information provided to the Board;
- 5.5 to report back any relevant conclusions, concerns or advice of the Committee to the Board.

In respect of all such matters, reporting to the Board as appropriate, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations to the Board as to the steps to be taken.