

Liverpool Victoria Friendly Society Limited

Investment Committee Terms of Reference

Status/Authority	<p>Sub-committee of the boards of Liverpool Victoria Friendly Society Limited (LVFS), Liverpool Victoria Insurance Company Limited (LVIC), Highway Insurance Company Limited (HICO) and Liverpool Victoria Life Company Limited (LVLC) (collectively "Group").</p> <p>Authority derived from the boards' establishment of the committee and these terms of reference.</p>
Membership	<ul style="list-style-type: none"> • Three non-executive directors (NEDs), one to be the chair of the committee • Group Chief Executive • Group Finance Director • Group Chief Investment Officer • Group Chief Risk Officer • Managing Director, Life SBU • Finance Director, GISBU
Invited	CEO or CIO, Liverpool Victoria Asset Management Ltd
Quorum	Two members, including at least one NED
Meeting frequency	The Committee will usually meet 4 times per annum and otherwise as necessary (initially February, May, September and November); interim meetings may take place by e-mail
Minutes	<p>The Secretary shall maintain minutes of meetings of the Committee.</p> <p>Minutes shall be presented to the next meeting of the board of LVFS for information and to the next meeting of the Committee for formal adoption.</p> <p>Where meetings take place by exchange of e-mail, copies of the e-mails shall be signed by the relevant members of the Committee and included in the minute book as the minutes of the meeting.</p>
Role/principal functions	To monitor, review, approve and make recommendations in respect of the investment management functions performed on behalf of the group
Scope	<p>The Committee shall, for and on behalf of the Boards:</p> <p><u>Annual</u></p> <ul style="list-style-type: none"> • Review and recommend to the board the appropriate asset allocation of investments, including the use of derivatives to manage market and credit risk, drawing on ALM/LDI assessments and in particular the work of the Executive Asset and Liability Committee ("ALCO") • Review, approve and monitor the benchmarks and investment ranges for the Group's with profits funds • Review, and beyond limits set by the Committee from time to time authorise, transfers of assets between the Group's various investment funds in order to maintain appropriate liability matching • Review the Investment Instruction Authorisation Policy

	<ul style="list-style-type: none"> • Monitor and review delegated authorities for investment management activities <p><u>Regular</u></p> <ul style="list-style-type: none"> • Monitor and review the performance of Liverpool Victoria Asset Management Limited in its capacity as manager of the investments of group companies (but not third party mandates) and make recommendations to the Board regarding LVAM's terms of appointment, or removal • Monitor and review the performance of external fund managers engaged by or on behalf of group companies including the amounts of funds under management • Receive reports from, and consider the recommendations of, ALCO • Monitor the asset allocation of the investments against agreed benchmarks • Oversee the appropriateness of investment risk management • Agree limits on and monitor exposure to counterparty risks • Monitor and review stock lending and underwriting activity • Receive breach reports in respect of the investment and administrative activities of the group companies' investment managers <p><u>As Necessary</u></p> <ul style="list-style-type: none"> • Beyond limits set by the Committee from time to time, approve changes in investment strategy if solvency or the Board's risk appetite are, or appear likely to be, breached • Approve CDOs, "exotic" options, OTC options with a duration greater than 5 years and new forms of investment for inclusion in the group companies' investment portfolios • Approve the appointment of new external investment managers for mandates in excess of £200m and receive notification of others • Approve investments in excess of or otherwise outside delegated authorities <p>The Committee will keep its Terms of Reference under review and will propose to the Boards amendments to the Terms of Reference as necessary to ensure that they continue to be appropriate</p> <p>On an annual basis the Committee will conduct a review of its effectiveness, including the adequacy of the Chairman and Non Executive Director time commitment, and report accordingly to the Board with any recommendations</p>
Authority	As set out in these terms of reference, as amended from time to time.
Escalation	To the Board of LVFS
Secretary	Group Company Secretary
Version	No 11 (Recommended By Investment Committee on 12 May 2011, approved by the Board of LVFS on 25 May 2011)
Supersedes	No 10 (In force 15 December 2010 – 25 May 2011)