

Liverpool Victoria Friendly Society Limited

Investment Committee Terms of Reference

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| 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, drawing on ALM/LDI assessments • Review, approve and monitor the benchmarks and investment ranges for the Group's various investment funds including free estate • Review, and authorise as required, transfers of assets between the Group's various investment funds in order to maintain appropriate liability matching • Review the Investment Instruction Authorisation Policy • 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 |

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| | <p>investments of group companies (but not third party mandates)</p> <ul style="list-style-type: none"> • Monitor and review the performance of external fund managers engaged by or on behalf of group companies including the amounts of funds under management • 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"> • Approve 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 9 (Recommended By Investment Committee on 13 May 2010, approved by the Board of LVFS on 26 May 2010) |