

Liverpool Victoria Financial Services Limited (LVFS)
Liverpool Victoria Life Company Limited (LVLC)
Investment Committee (“Committee”)

Status and Source of Authority	<p>Sub-committee of the Boards of the LVFS and LVLC (collectively, the Group).</p> <p>Authority is derived from the Boards' establishment of the Committee and the approval of these terms of reference by the LVFS Board on 28 January 2021 on behalf of LVFS and LVLC. These terms of reference replace in their entirety those last adopted on 30 January 2020.</p>
Main purpose	<ul style="list-style-type: none"> • Develop, review, recommend and oversee the investment strategy for the Group, within risk appetite, aligned to its Business and Risk Strategy and in accordance with the PPFMs and the requirements for the fair treatment of with-profits policyholders. This includes asset allocation, benchmarks and target returns. • Oversight of, and reservation of decisions where above set limits, for: <ul style="list-style-type: none"> ○ The operation of the fund manager, covering, inter alia, their investment performance, the service levels, and contract terms & conditions. ○ Investment activity undertaken by management, including the Director of Finance according to his delegated authority, delegated authorities, effectiveness of decisions/actions.
Membership	<p>Members:</p> <ul style="list-style-type: none"> • Three independent Non-Executive Directors (NEDs) of LVFS; one of which to be the Chair of the Investment Committee as determined by the Board of LVFS. • Chief Executive Officer • Director of Finance <p>The Board of LVFS will determine the members of the Committee on the recommendation of the Corporate Governance and Nomination Committee and in consultation with the Chair of this Committee</p> <p>On any vote of the Committee, the majority shall prevail, with the Chair holding the casting vote (See Guidance Note '1').</p>
In attendance	<ul style="list-style-type: none"> • Regular attendees: <ul style="list-style-type: none"> • Capital Initiatives and Investment Director • With-Profits Actuary • Investment Manager(s) • Financial Risk Director • The Committee may also invite such other persons to its meetings to observe, report, answer questions or make presentations, as it deems necessary.
Secretary	Company Secretary (or his/her delegate).

Quorum	Two members, including at least one NED. The Chair must be a NED.
Meeting frequency	<ul style="list-style-type: none"> Meetings shall be held at least four times a year with the Investment Managers present, corresponding with the LVFS's strategy and planning cycle, and the annual performance assessment of the fund manager with additional, internal only, meetings as required.
Notice of meeting	<ul style="list-style-type: none"> Interim "specific issue(s)" meetings may be convened, by the Secretary, at the request of the Chair and typically subject to at least 3 days' notice. In circumstances where a decision is required to be made in a timely fashion, the interim meeting may take place by e-mail and shall be valid if the e-mail has been circulated to all members of the Committee and the decision is approved by a quorum. Notice of any Committee meeting must indicate: a) its proposed date and time; b) where it is to take place; c) if the members will not be in the same place, how they should communicate with each other during the meeting. The Secretary shall circulate the agenda and supporting documentation to the Committee members a reasonable period in advance of each meeting
Minutes	<ul style="list-style-type: none"> The Secretary shall minute an accurate record of the proceedings and decisions of the Committee. The draft of the minutes, as approved for issue by the Chair, shall be presented to the next meeting of the Committee for formal adoption. Where meetings take place by exchange of e-mail, copies of the e-mails shall be included in the minute book as the minutes of the e-mail meeting.
Conflicts of Interest	<p>The Secretary shall ascertain any conflicts of interest of members of the Committee at the start of each meeting in relation to the matters to be discussed and record accordingly in the minutes.</p> <p>The Chair may require any such conflicted member to withdraw from the meeting whilst the matter is considered by the Committee.</p>
Decide	<ol style="list-style-type: none"> Set and approve changes to the investment strategy, including permitted asset types, benchmarks and target returns. Set and approve material changes (>5% change in the range) to the permitted asset ranges. (see Guidance Note '7') Use of any other instrument not previously used by LVFS in LVFS and its subsidiary companies' investment portfolios. The Group Investment Instruction Authorisation Policy and any Investment actions in accordance with the Investment Instruction Authorisation Policy. Investments in excess of or otherwise outside delegated authorities. (See Guidance Note '5') Approach to stock lending and underwriting activity.

Recommend	<p>To the Group Boards:</p> <ol style="list-style-type: none"> 1. Appointment and changes to contractual arrangements of the fund manager where mandate is greater than £200m. 2. Changes to modus operandi of the Committee resulting from the annual effectiveness review and any changes to its terms of reference.
Oversight	<ol style="list-style-type: none"> 1. Management application of investment strategy including asset allocation, duration, and permitted asset ranges within the Director of Finance's delegated authority. 2. Changes to investment strategy or permitted ranges, should solvency or other risk appetite tolerances be breached or look likely to be breached. (See Guidance Note '7') 3. Management's investment activity e.g. ALCO, delegated authorities, effectiveness/appropriateness of decisions/actions, ALCO transfers. (See Guidance Note '4') 4. Appointment and changes to contractual arrangements of the fund manager where mandate is less than £200m as decided by ALCO. 5. Management oversight and use of the Group's fund manager including breaches, reporting and service levels. (See Guidance Note '4') 6. Investment mandates for all funds. 7. Investment Performance.
Consult (With Profits Committees & WPA)	<p>The Committee will consult with the LVFS With Profits Committee and the RNPFN With Profits Committee (each a WPC) and the With-Profits Actuary (WPA), on the following matters that impact the With-Profits funds:</p> <ol style="list-style-type: none"> 1. The asset allocations and permitted ranges, benchmarks and permitted asset types. 2. Use of any other instrument not previously used by the Group. 3. The following investment and fund management activity: <ul style="list-style-type: none"> - establishment/merging/dissolution of funds - transfers of assets between funds - allocation of liabilities to funds. 4. Changes to investment strategy of the With-Profits funds, including the long-term (or other) investment strategy reviews undertaken in accordance with the relevant PPFMs. 5. The proposed appointment and contractual arrangements of fund(s) manager(s) to be decided by the Committee (where such fund managers will be managing With-Profits funds or assets of the Estate) 6. Any other investment matters affecting With-Profits policyholders, which, for the avoidance of doubt, include those affecting the Estate (composed of LVFS's surplus funds) and may also include non-profit funds, where there is any potential to adversely affect the interests of the existing With-Profits policyholders or threaten the ability of LVFS to meet its commitments to its With-Profits policyholders.

Notify (With Profits Committees)	<p>The Committee will notify the With Profits Committees and the WPA on:</p> <ol style="list-style-type: none"> 1. Changes to investment strategy of non-profit funds. 2. Use of any other instrument not previously used by the Group in non- profit funds.
Delegated Authorities	<p><u>Delegation onwards (for a recommendation back)</u> Not applicable.</p> <p><u>Delegation onwards (unconditional)</u> Not applicable.</p>
Escalation	<p><u>To:</u> To the LVLC Board and the LVFS Board, as applicable</p> <p><u>From:</u> ALCO, With Profits Committees.</p>
Guidance Notes	<ol style="list-style-type: none"> 1. The intention is that the NED view prevails over that of the Executives. 2. As the Investment Committee is a sub-committee of 2 Boards within the Group, it is expected that matters detailed in either the "Decide" or "Recommend" sections of this terms of reference will be carried out by the Investment Committee on behalf of those Boards or it will specify the Board to which its action does apply. In rare cases, as a result of its fiduciary responsibilities and subject to the Articles and terms of reference of the Board, a subsidiary Board may also decide or recommend on these matters. Where this has occurred, the subsidiary board must bring this to the attention of both the LVFS Board and the Investment Committee. 3. The Investment Committee must ensure that when making the decisions or recommendations in these terms of reference, it does so in compliance with the Prudent Person Principle requirements as determined by Solvency II (see article 132 of Directive 2009/138/EC (Solvency II Directive)) and in compliance with the requirements of LV='s Financial Market Risk Policy. 4. Typically matters decided or overseen by the Investment Committee, require ongoing monitoring activity, such as monitoring asset allocations against agreed benchmarks or monitoring the fund manager against contractual service levels. The monitoring on these matters is carried out by ALCO. 5. Monitoring delegated authorities for investment management activities is carried out by Investment Committee and ALCO. 6. As this Committee acts on behalf of 2 Group Boards, the papers and meeting records must be clear as to which entity/entities the decision or recommendation relates to. 7. In normal circumstances changes to Investment Strategy or permitted ranges are approved by the Investment Committee, but should solvency or other risk appetite tolerances be breached or look likely to be breached then the Director of Finance, following advice from ALCO can change the investment strategy or permitted ranges. In such circumstances the Director of Finance is required to notify both the Investment Committee and the Boards which are affected by this decision within 24

	<p>hours. This would include the WPC and WPA where this potentially affects with-profits-policyholders.</p> <p>8. The LVFS subsidiary companies Board will seek to take account of the work of the Investment Committee to the extent that the latter considers matters relevant to any subsidiary company of LVFS.</p> <p>9. Where making a decision or recommendation, the Committee shall consider each of the following points (and, where not applicable, specifically note in the minutes as such):</p> <ul style="list-style-type: none"> • The material risks impacted by the decision/recommendation; • The alignment of the decision/recommendation with the risk appetite and risk strategy of LVFS; • The impact of the decision/recommendation upon the current and future solvency of the Group and any other subsidiaries of LVFS affected; • The impact of the decision/recommendation in terms of risk-adjusted performance; • Clear reasons for any decisions/recommendations contrary to that implied by the Economic Capital Model results; • The effect that variations in key assumptions would have upon the risk, solvency and performance impacts of the proposal; and • The impact of the decision/recommendation upon the current and future With-Profits policyholders and alignment with the PPFM. <p>10. Should the Committee depart from any subsequent recommendation of either WPC or the WPA, it must set out why and feedback to the WPC/WPA to allow them time to reflect and respond. The Committee must consider any further feedback from the WPC/WPA and respond with any additional reasons, should it continue to depart from the WPC/WPA recommendation and must bring the matter to the attention of the Board of LVFS.</p> <p>In any exceptional instance where the Board of LVFS continues to depart from a recommendation from the WPC, for which the WPC considers it to be sufficiently material, the WPC has the right to insist that the Board of LVFS notify the appropriate regulator.</p> <p><u>Effectiveness</u></p> <p>11. To perform his or her role effectively, each Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Committee's responsibilities and of LVFS's business, operations and risks.</p> <p>12. At the end of each meeting the Committee will briefly consider the effectiveness of the meeting, taking into account the quality of the papers and debate, the sufficiency of time and its appropriate allocation across matters relative to their respective importance.</p> <p>13. On an annual basis the Committee will set out a programme of priorities, including training requirements, for the following year</p>
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	<p>which will inform the agenda for its meetings.</p> <p>14. On an annual basis the Committee will conduct a review of its effectiveness (having regard both to the discharge of its requirements under the terms of reference and the areas of priority set), including the adequacy of the Chair and Non-Executive Director time commitment and the effectiveness of working relationships with other committees (notably, the Group Boards, ALCO and the With Profits Committees). The Committee will report accordingly to the Board of LVFS with any recommendations. If the Chair deems it appropriate, external assistance with the review will be taken.</p> <p>15. The Committee will keep its terms of reference and relationships with other committees under review and will propose to the Board of LVFS amendments to the terms of reference as necessary to ensure that they continue to be appropriate and reflect any issues which arise from the effectiveness review.</p>
Version Effective	2021-01-28 Investment Committee Terms of Reference (final)
From Date	28 th January 2021
Supersedes Version	2020-01-30 Investment Committee Terms of Reference v2.1 (clean)
Effective From	30 th January 2020