

## **Terms of Reference – Board Investment Committee**

### **1. Membership**

- 1.1. The Committee shall comprise at least 5 members, and must include the Group Chief Executive, Finance Director, Risk Director and at least two non-Executive Directors.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, the Group Head of Internal Audit will be invited to attend meetings and other non-members may be invited by the Chair to attend for all or part of any meeting, as and when appropriate.
- 1.3. The NFU Mutual Insurance Society Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or the appointed deputy, then a meeting may not take place.

### **2. Secretary**

- 2.1. The Chair shall appoint a nominee to act as the Secretary of the Committee.

### **3. Quorum**

- 3.1. The quorum necessary for the transaction of business shall be four members.

### **4. Frequency of Meetings**

- 4.1. The Committee shall meet four times a year and otherwise as required.

### **5. Notice of Meetings**

- 5.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend no later than five days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 5.3. Meetings may be held by means of conference call, webinar or any other method which allows the Committee members to communicate with each other simultaneously. In addition, decisions of the Committee may be made by email correspondence.

### **6. Minutes of Meetings**

- 6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and to the Board.

## **7. Annual General Meeting**

7.1. The Committee Chair shall attend the Annual General Meeting prepared to answer member questions on the Committee's activities.

## **8. Duties**

The Committee has oversight of the Group as a whole and, unless required otherwise by regulation, should carry out the duties below for the parent company, major subsidiary undertaking and the Group as a whole.

The Committee shall:

### **8.1 Strategy and Objectives**

8.1.1 Review, challenge and approve investment Beliefs;

8.1.2 Review, challenge and recommend to Board:

- Investment Strategies
- Institutional Fund Risk and Reward Objectives
- ESG and Responsible Investing Constraints.

8.1.3 Provide assurance to Board that an appropriate investment strategy is in place.

### **8.2 Asset Allocation**

8.2.1 Review, challenge and approve asset allocation decisions, including

- Changes in the investible asset universe;
- Changes to benchmark indices;
- Changes to the performance benchmark
- Changes to the strategic asset allocation (SAA);
- Changes to the permitted limits of dynamic asset allocation (DAA);
- Any new derivative proposals relating to Investment Management;
- Any new retail fund offerings or closures
- Property transactions in excess of £75m

### **8.3 Investment Implementation**

8.3.1 Oversight, review and challenge of investment implementation, including:

- Maintain oversight of all investment mandates, and review material changes to Life, GI and MAPL mandates.
- Maintain oversight and provide review and challenge of changes to investment operating model or service providers.

- Maintain oversight and provide review and challenge of the framework of investment constraints and limits of authority (other than high level strategic constraints).

8.3.2 Oversight, review, challenge and recommend to Board for approval:

- Material outsourcing arrangements (with £50m+ of assets)
- Any high-level strategic constraints (e.g. in relation to permissible asset classes, or responsible business constraints)

8.3.3 Review and challenge Operational Risks and Controls.

8.3.4 Provide oversight, review and challenge of performance attribution in order to validate the appropriateness of the investment strategy.

8.4 Compliance and Risk

8.4.1 Review and challenge compliance with all investment-related regulatory requirements.

8.4.2 Provide assurance to the Board that Group's investment activity is adhering to the agreed Investment Strategy and Investment Constraints set by BIC or other relevant Committees.

8.4.3 Provide oversight of investment risk exposures.

8.4.4 Provide assurance to Board that investment strategy supports continued application of Solvency UK approvals on Matching Adjustment and Volatility Adjustment.

8.4.5 Provide oversight and challenge that all investment-related risks are being identified, understood and managed appropriately within Group Risk Appetites. This includes relevant risks relating to Climate Change.

8.4.6 Where appropriate commission and consider the results of assurance reviews by the Actuarial Function.

8.5. Work and liaise as necessary with all other Board Committees.

**9. Reporting Responsibilities**

9.1. The Committee Chair shall report to the NFU Mutual Insurance Society Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action is needed.

**10. Other Matters**

The Committee shall

10.1. have access to sufficient resources in order to carry out its duties.

10.2. 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.

10.3. give due consideration to laws and regulations and the provisions of the UK Corporate Governance Code.

10.4. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11. Authority**

11.1. The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.