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# **GROUP FINANCE AND INVESTMENT COMMITTEE TERMS OF REFERENCE**

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## Document Control

### Document History

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### Document Sign-Off

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## **1. Constitution**

- 1.2 The Group Finance and Investment Committee (“the **Committee**”) was constituted as a committee of the Board of Directors of both Ecclesiastical Insurance Group plc and Ecclesiastical Insurance Office plc (the Group Board) in accordance with the articles of association each Company.
- 1.3 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.
- 1.4 The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which will report to the Committee.

## **2. Membership**

- 2.1. Members of the Committee shall be appointed by the Board on the recommendation of the Group Nominations Committee in consultation with the Committee Chairman.
- 2.2. The Committee shall comprise a minimum of three members, the majority of whom shall be independent Non-Executive Directors.<sup>1</sup>
- 2.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chief Financial Officer and the Investment Managers will be invited by the Chairman to attend for all or part of any meeting, as and when appropriate.
- 2.4. Appointment to the Committee shall cease when the member ceases to be a Director or is removed by the Board.
- 2.5. The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or a Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members shall elect one of their number to chair the meeting.
- 2.6. Any Board member may attend any Committee meeting with the prior consent of the Committee’s Chairman, which consent may not be unreasonably withheld.

## **3. Secretary**

- 3.1. The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

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<sup>1</sup> From 1 January 2020 clause 2.2 will be amended to “The Committee shall comprise a minimum of three members, all of whom shall be independent Non-Executive Directors (NEDs).”

#### **4. Quorum**

- 4.1. The quorum necessary for the transaction of business shall be two Non-Executive Directors present in person, by audio or video conference.
- 4.2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

#### **5. Attendance at Meetings**

- 5.1. The Committee shall meet at least quarterly and otherwise as required.
- 5.2. Meetings of the Committee may be conducted when the members are physically present together or in an alternative form (such as video conference, audio conference or written resolution).

#### **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 6.2 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, any other person required or invited to attend no later than five working 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.

#### **7. Minutes of Meetings and Written Resolutions**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Draft Minutes of Committee meetings shall be first sent to the Chairman for his approval and then circulated to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board.
- 7.3 A resolution in writing and signed by all members of the Committee (including by electronic means) will be as effective as a resolution passed at a Committee Meeting.

## **8. Voting arrangements**

- 8.1. Subject to paragraph 8.2, each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting whether in person, by audio or video conference.
- 8.2. If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting unless authorised to do so by the other members of the Committee.
- 8.3. The Committee Chairman may ask any member or attendee to leave the meeting to allow discussions matters of a confidential nature or of relating to them.

## **9. Role**

- 9.1. The role of the Committee is to assist the board, to monitor the management of certain of the Group's key financial assets (including its investment portfolio) so that they are properly governed, controlled and seek to achieve appropriate performance within agreed risk parameters. The Committee's role shall not extend to the Group's current investments in subsidiaries and branches or the investment of pension scheme assets. The former is the responsibility of subsidiary boards (including quasi-boards in the case of Ireland and Canada) and the latter the responsibility of the Pension Scheme Trustees.
- 9.2. Although the legal position is that the Pension Scheme's investment strategy is the responsibility of the Pension Scheme Trustees, the Company will continue to have a strong input through consultation at the Pension Scheme Trustees' Investment Committee meetings as, ultimately, the Company provides the covenant supporting and underwriting the Pension Scheme (s). Any over-arching Company view of investment strategy, which is agreed with the Committee will, therefore, continue to be communicated to the Pension Scheme Trustees via the structure currently in place and designed to ensure there is appropriate alignment.

## 10. Duties

For all Group operations including overseas operations and non-insurance entities, the duties of the Committee are as follows (unless otherwise agreed by the EIO Board).

### 10.1. Finance

The financial thresholds referenced below shall be applied to the entirety of the actual or prospective transaction, however constructed and/or staged over time.

#### The Committee shall:

- 10.1.1. review and recommend to the Board authority levels for operational budgeted and unbudgeted expenditure and investment;
- 10.1.2. consider and approve capital projects with budgets between the values of £10m (if budgeted) or £3m (if unbudgeted) and £25m or agree to delegate to local Board;
- 10.1.3. consider and approve any new contracts in the ordinary course of business\*\* with budget between the values of £10m (if budgeted) or £3m (if unbudgeted) and £25m or agree to delegate to local Board;
- 10.1.4. consider and approve all other contracts (i.e. those contracts not in the ordinary course of business) with a contractual commitment between the values of £5m (if budgeted) or £1m (if unbudgeted) and £25m (including any recommendation to delegate to local Board);
- 10.1.5. consider and approve major investments of the Group (including the acquisition or disposal of interests of more than 5% in the voting shares of any listed company) up to £25m;
- 10.1.6. consider and approve purchases or disposal of investment property by the Company or any subsidiary with a book or realisable value between £12.5m and £25m.
- 10.1.7. approve any written heads of terms relating to potential acquisitions prior to being sent to other parties (including when non-binding);
- 10.1.8. consider and approve the acquisition, transfer or disposal of any business by the Company or any subsidiary with a book or realisable value between £7.5m in the ordinary course of business\*\* (or in excess of £1m, otherwise) and £25m.
- 10.1.9. consider and approve borrowing monies (other than by way of agreed facilities) or accepting credit (other than normal trade credit) up to £25m;

- 10.1.10. consider and approve committing any Group company to any guarantee or indemnity for the performance of a subsidiary or associate up to £25m;
- 10.1.11. consider and approve entering into any guarantee or indemnity or contract of suretyship for or otherwise committing a group company in respect of the performance of any contract, engagement or obligation of any person or body other than a Group company up to of £25m.
- 10.1.12. consider and approve a mortgage or charge over the whole or any part of the Group's undertaking other than charges relating solely to settlement and clearing facilities used in the ordinary course of business up to £25m;
- 10.1.13. consider and approve any individual inter-company loan between group companies or associates which between £5m and £25m or any amount which takes total lending from one entity to another above 5% of net assets of either party or crosses between regulatory jurisdictions.
- 10.1.14. consider and approve any individual loan (including non-listed equity but excluding Mapfre and inter-company loans between group companies) between £2.5 million (aggregate) (or £1m for a single counterparty) and £25m.
- 10.1.15. consider and review circulars to shareholders and listing particulars (or ensure they are covered by the Group Audit Committee) and recommend to the Board; and
- 10.1.16. exercise such further powers of the Board relating to general financial matters as may from time to time be determined by the Board.

*\*\* contracts in the ordinary course of business are those consistent with Corporate Strategic Plans and the Group's stated risk appetite.*

## **10.2. Investments**

### **The Committee shall:**

- 10.2.1. subject to regular reporting to the Board, exercise the powers of the Directors' as regards investments;
- 10.2.2. review and recommend to the Board the key assumptions regarding investment returns to be incorporated into the Group Corporate and Strategic Business Plan;
- 10.2.3. monitor the performance of the Investment Managers mandated to manage the Group's investible assets;



- 10.2.4. receive reports from the Managers not less than quarterly against parameters, guidelines and ranges agreed annually;
- 10.2.5. review investment market conditions and outlook annually, with an interim update at the half-year point;
- 10.2.6. review the Minutes of Market and Investment Risk Committee and Mapfre Re Oversight Committee meetings and consider any material issues arising;
- 10.2.7. provide broad Group strategy and set specific investment parameters for Group portfolio investment matters including derivative instruments within the context of the Board's assessment of overall risk to the business;
- 10.2.8. monitor adherence to parameters and consider requests for changes to parameters;
- 10.2.9. receive and consider the quarterly investment reports by the Investment Managers, for the Group's investment portfolios and to oversee the management of these portfolios; and
- 10.2.10. review investment performance (including OEICs) both in absolute terms and against benchmark levels or agree to delegate to local Board.

### **10.3. Reporting Responsibilities**

- 10.3.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.3.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3.3. The Committee shall report on its role and performance in the annual report.

### **10.4. Other Matters**

#### **The Committee shall:**

- 10.4.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.4.2. be provided with appropriate and timely training both in the form of an induction programme for new members and on ongoing basis for all members;

- 10.4.3. at least once a year, review its own performance, 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**

### **The Committee is authorised by the Board to:**

- 11.1 seek any information it requires from any employee of the Group in order to perform its duties.
- 11.2 have unrestricted access to the Company's documents and to obtain, at the Company's expense, outside appropriate independent legal or other professional advice on any matters within its terms of reference.