
LANCASHIRE HOLDINGS LIMITED

TERMS OF REFERENCE OF THE

INVESTMENT COMMITTEE

**Adopted on 28 July 2015
(replacing earlier version adopted 1 May 2013)**

Lancashire Holdings Limited
(the “Company”)

Investment Committee

Terms of Reference

On 9 December 2005 the Board of Directors of the Company (the “**Board**”) resolved to establish an Investment Committee of the Board (the “**Committee**”). These Terms of Reference were amended, restated and adopted by the Board on 17 February 2011 and further amended and adopted on 19 February 2013 and 1 May 2013, respectively.

1. Membership

- 1.1 The Committee shall comprise at least two independent non-executive directors and the Chief Financial Officer and/or the Group Head of Investments and Treasury. The chairman of the Board and any executive director may also serve on the Committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Corporate Governance Committee and in consultation with the chairman of the Investment Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 1.4 The Board shall appoint the Committee chairman. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Board shall not be chairman of the Committee.

2. Secretary

- 2.1 The Company secretary or his or her nominee shall act as the secretary of the Committee.

3. Quorum

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

4. Frequency of meetings

- 4.1 The Committee shall meet at least quarterly 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 chairman.
- 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, any other person required to attend and all other non-executive directors, 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.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.

7. Annual General Meeting

The Committee chairman should attend the annual general meeting to answer shareholder questions on the Committee's activities.

8. Duties

The Committee is responsible for monitoring the management of the investments of the Company and its subsidiary undertakings (the "**Group**"), including but not limited to:

- 8.1 recommending investment strategies, guidelines and policies for the Boards of the Company and other members of the Group to approve annually;
- 8.2 recommending and setting risk asset definitions and risk tolerance levels;
- 8.3 recommending the appointment of fund managers for all investments to the relevant Boards;
- 8.4 monitoring the performance of investment strategies within the risk framework;

- 8.5 receiving and reviewing reports as detailed in Schedule 1 and reporting to the relevant Boards as necessary; and
- 8.6 establishing and monitoring compliance with investment operating guidelines relating to custody of investments, internal control and accounting.

9. Reporting responsibilities

- 9.1 The Committee chairman shall report formally to the 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 or improvement is needed.

10. Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 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 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; and
- 10.4 make these terms of reference available, explaining its role and the authority delegated to it by the Board.

11. Authority

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

Adopted 28 July 2015 replacing previous version adopted on 1 May 2013

Schedule 1

Papers and reports to be received and considered by the Investment Committee at each meeting

Subject	Papers	Responsibility to bring to Committee
Investment Review	Executive Summary	Chief Financial Officer
	Investment Risk Analytics Review	
	Investment Performance Review	
	Investment Holdings Review	
Foreign Exchange	FX Review	Chief Financial Officer
Financing and Derivatives	Interest Rate Swap Review	Chief Financial Officer
	Informational Ad Hoc Memos for any changes to Loans or Credit Facility	
Investment Compliance	Investment Compliance Review	Chief Financial Officer