

Investment sub-committee

TERMS OF REFERENCE

1. Scope

1.1. Purpose

To exercise on the board's behalf the investment powers set out in Schedule 1, points 5 to 7 of the 2003 Royal Charter and within the duties set out in these terms of reference.

1.2. Authority

The sub-committee has delegated authority from the board of trustees in accordance with the terms of reference.

1.3. Reporting

The sub-committee reports to the finance and audit committee, and is accountable to that committee on the duties outlined in these terms of reference.

2. Membership

2.1. Chair

The sub-committee chair will be appointed by the finance and audit committee.

2.2. Members

Core membership of the sub-committee will comprise:

- A member of the finance and audit committee.
- At least two co-opted external members, to be appointed by the finance and audit committee, with recent and relevant finance and investment experience.

Attendance:

- Chief Finance Officer (ex officio)

2.3. Other attendees

The sub-committee may invite other attendees (non-voting) to act in an advisory capacity, as deemed necessary.

2.4. Quorum

Quorum is set at two members.

2.5. Term of office

Up to two terms of four years each. For members of the finance and audit committee, this would be coterminous with their terms of office with that committee.

3. Responsibilities

The responsibilities of the sub-committee shall be to:-

- 3.1 To oversee the management of the society's investments and to regularly review investment strategies which represent reserves (restricted and unrestricted) which are not allocated to immediate expenditure, short-term working capital sums or tangible fixed assets. The sub-committee may also manage other sums of money on request from the finance and audit committee.
- 3.2 To recommend to the finance and audit committee and the board for adoption the terms of the society's investment policy, to keep the policy under regular review and to recommend to the board from time to time any changes deemed necessary by the investment sub-committee;
- 3.3 To regularly review the society's ethical investment policy and to make recommendations to the board on any proposed changes to that policy;
- 3.4 To establish and regularly review the investment objectives for the society's investment portfolio in the light of the society's reserves policy, financial strategies as approved by the board and market conditions;
- 3.5 To negotiate terms for the appointment of investment managers in accordance with the 2003 Royal Charter (Schedule 1) and to make recommendation to the board on that appointment;
- 3.6 To agree benchmarks for the measurement of the performance of the society's investment portfolio and to keep such benchmarks under regular review;
- 3.7 To receive and review quarterly reports from investment managers;
- 3.8 To review the systems for the custody of assets operated by the appointed investment managers, and by custodians, ensuring that the society is not exposed to undue risk;
- 3.9 To approve annually, the fees charged by investment managers in accordance with negotiated terms;
- 3.10 To maintain minutes of the meetings of the sub-committee, to report to the finance and audit committee via copies of those minutes and to annually report to the finance and audit committee.

4. Management

4.1 Secretary

A secretary shall be appointed who will arrange, convene, attend and record all meetings of the committee.

The head of governance maintains an oversight of all committees.

4.2 Papers/agenda

The secretary is responsible for circulating papers for the meetings. Agenda and papers will be circulated to all members at least 5 working days before the meeting.

4.3 Meetings

The sub-committee will meet at least twice a year.

4.4 Attendance at meetings

Members are expected to attend all meetings of the committee unless agreed by the chair. Ex-officio members must nominate a suitable deputy if unable to attend. Attendance by tele/video conference can be agreed with the chair.

4.5 Minutes / reporting

The secretary to the committee shall distribute minutes of each meeting to committee members within ten working days. Minutes will be shared with the following finance and audit committee.

The sub-committee chair will report formally to the finance and audit committee on the committee's proceedings.

5. Version control

5.1 Approval

These terms of reference for the investment sub-committee were approved by the board of trustees at their meeting on 9 April 2019.