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# Investment and capital management committee

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Terms of reference

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## DEFINITIONS

annual report	The annual report and financial statements of the <b>group</b>
chairman	The chairman of the <b>board</b>
chief executive	The chief executive of the <b>group</b>
committee	The investment and capital management committee of the <b>society</b>
board	The board of directors of the <b>society</b>
director	A director of the <b>society</b>
group	The <b>society</b> and its operating subsidiaries
society	Dentists' Provident Society Limited
regulators	The Prudential Regulation Authority and Financial Conduct Authority
remuneration committee	The Remuneration Committee of the <b>society</b>
secretary	The Secretary of the <b>society</b>

## MEMBERSHIP

The **committee** will comprise at least three members. The members of the **committee** will be the **chief executive**, the **society's** head of actuarial services and a non-executive **director** appointed by the **board**.

The **committee** will consider annually whether it has access to appropriate investment and actuarial expertise. The chairman of the **board** shall not be the chairman of the **committee**.

Appointments to the **committee** will be for a period of up to three years which may be extended by additional three-year periods subject to the individuals remaining eligible for membership of the **committee**.

The **chief executive** shall be the chairman of the **committee**.

## MEETINGS

The **committee** will meet at least four times a year and at any other time if required. Scheduled meetings of the **committee** will be held between three and four weeks before the relevant **board** meeting.

Any member of the committee may request that an additional meeting be held at any time. The head of finance, the society's investment advisors, the external auditors or the internal auditors may request the chairman of the **committee** to convene a meeting at any time.

Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to all attendees, no later than five working days before the date of the meeting. Supporting papers shall also be sent to all attendees at the same time.

## QUORUM

The quorum for meetings will be two members. In the absence of the chairman of the **committee**, the members present will elect one of themselves to chair the meeting.

## SECRETARY

The **secretary**, or their nominee, shall act as the secretary to the **committee** and ensure that the **committee** receives the information and documents in a timely manner to enable it to effectively discharge its duties.

## MINUTES OF MEETINGS

The **secretary** shall minute the proceedings and decisions of all meetings, including the names of those present and in attendance.

Draft minutes of the meetings shall be circulated to all members of the **committee**. Once approved, minutes will be circulated to the **board** unless, exceptionally, it would be inappropriate to do so.

## ATTENDEES

- Head of finance (mandatory)
- Any **director**, officer, employee or advisor of the **society** (by invitation of the **committee**)

The attendees may be collectively or individually requested to withdraw from any meeting of the **committee** if requested to do so by the chairman of the **committee**.

## REPORTING

The minutes will be circulated to all **directors** as part of the **board** pack issued after the meeting unless the **committee** decides, with the approval of the **chairman**, that it would be inappropriate to do so in whole or in part.

A description of the **committee's** responsibilities and activities during the year will be disclosed in the **annual report**. The chairman of the **committee**, or an appointed nominee, will also be available at the annual general meeting to answer questions in connection with the work of the **committee**.

## AUTHORITY

The **committee's** authority extends to all relevant matters relating to the **group**.

The **committee** has authority to investigate any matters within its responsibilities and to obtain such information as it may require from any **director**, officer or employee of the **group**.

The **committee** is authorised to engage any independent advisors at the expense of the group, and invite them to attend meetings.

The **committee** may work and/or liaise with other **board** committees ensuring such interaction is reviewed regularly, taking into account the duties delegated to the other committees.

## INDUCTION AND TRAINING

The **committee** will put in place suitable arrangements for the induction of new members of the **committee** and for the ongoing training of existing members as appropriate.

## RESPONSIBILITIES OF THE COMMITTEE

Oversight of asset managers providing investment management services to the **group**.

Oversight of investment strategy for the **group**, including:

- developing and making recommendations on the overall investment strategy having regard to the **group's** risk appetite and its business objectives
- ensuring that the investment strategy takes into account the regulatory capital requirements and the views of the **society's** actuarial function holder
- regularly reviewing the effectiveness of the contribution of investment strategy towards business objectives of the **group**
- determining suitability of new investment ideas
- reviewing the economic and market outlook and making appropriate changes in respect of the **group's** strategic and tactical investment allocations
- reviewing regulatory and industry investment developments and assess their impact and making appropriate changes to the investment strategy
- review and approve the asset and liability matching strategy
- regularly reviewing the appropriateness of investment mandates
- reviewing the **group's** policy on use of complex financial instruments
- review and approving material asset transactions.

Oversight of investment consultants and asset managers, including:

- overseeing the process of appointment and removal of investment consultants and asset managers
- overseeing the governance of the relationships with the **group's** investment consultants and asset managers, including fee arrangements, service levels and other policies
- reviewing operational effectiveness, skill base, scale and controls and asset manager performance, including compliance with investment objectives and mandates
- overseeing the asset managers' response to changes in regulation or legislation
- making and monitoring tactical asset allocation decisions within agreed parameters
- approving the over-arching principles of all investment mandates and review management monitoring of compliance against these mandates.

Oversight of capital management, including:

- reviewing and monitoring the **group's** capital adequacy, capital management plans and regulatory capital ratios
- reviewing and overseeing the **group's** liquidity and solvency policies and controls and any contingency plans
- reviewing and monitoring the **group's** market risk management strategy and market risk management policies and controls
- review and monitoring the **group's** credit risk management strategy and credit risk management policies and controls
- monitoring compliance with the requirements of the prudential regulatory regulations
- setting and monitoring the insurance underwriting and claims policy frameworks

- reviewing and approving the relevant statutory valuation assumptions and providing assurance to the **group** audit committee
- agreeing the bonus recommendations with the actuarial function holder and making appropriate recommendations to the **board**
- ongoing monitoring of the appropriateness of bonus rates and making any adjustments to rates in response to unusual market conditions.

Assess the effectiveness of the **committee** by:

- conducting an annual self-assessment and report conclusions and recommendations for change to the **board**
- considering whether or not the **committee** receives adequate and appropriate support in fulfilment of its role and whether or not its current workload is manageable.

Reporting to **remuneration committee** on any reputation issues that the **committee** believes should be taken into account when considering executive remuneration.

## **RESPONSIBILITIES OF MANAGEMENT**

Management will ensure that all information required by the **committee** to discharge its responsibilities is provided promptly. Management will also ensure that matters of material concern that are relevant to the **committee's** responsibilities are brought to its attention promptly.

## **AMENDMENTS TO TERMS OF REFERENCE**

The committee shall review its terms of reference on an annual basis to ensure that it is operating with maximum effectiveness and may recommend any changes it considers necessary to the board for approval.

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Firm Reference Number 110015)