

Terms of Reference

Royal London
Investment Advisory Committee

Version 8.2

May 2023

1. PURPOSE

- 1.1 The Investment Advisory Committee (“the Committee”) provides a forum within which Royal London (“RL”) unit-linked investment solutions are given independent challenge. RL’s relevant Purpose outcomes are to “help build financial resilience”; and to “move fairly to a sustainable world”. The RL Investment Solutions team purpose is to “design and promote market-leading propositions”. The Committee is a key enabler of this, providing independent challenge during the design phase. Their role is to apply their market knowledge and expert judgement to challenge whether the proposition design and performance management framework are aligned to this purpose and to achieving good customer outcomes.
- 1.2 RL has an investment framework within which the Investment Solutions team operate. This framework is defined by a series of policies, key to which are our Investment Philosophy & Beliefs, and the Investment Risk Framework. The Committee should be aware of these policies but are not responsible for defining or reviewing them.
- 1.3 The Committee is an advisory committee to the Investment Solutions team within the UK Product division and operates under the delegated authority of Group Chief Commercial Officer. The Committee’s primary business representative is the Head of Investment Solutions. The Committee do not hold any delegated authorities: they will provide advice and guidance on investment elements only and do not have responsibility to provide independent challenge to the wider RL propositions.
- 1.4 The Committee’s scope of oversight is those investments which are both open to new business and RL takes some level of responsibility for. Specifically, this includes:
- The Governed Range and all lifestyles that use it, since RL take responsibility for design (and, for the workplace default, suitability);
 - The individually selectable funds managed by RLAM – including, but not limited to those used in the Governed Range portfolios;
 - Investment Pathways, since RL is responsible for mapping these customers to appropriate investment solutions; and
 - The RL Matrix Range, since RL is responsible for selecting asset managers.
- 1.5 For clarity, the committee does not provide oversight over:
- The investments supporting legacy products, other than where these investments are mapped to the Governed Range
 - The open range of external funds available on RL’s flagship pensions.
 - With-profits Funds.

2. MEMBERSHIP

- 2.1 Members of the Committee shall be:

Role	Current Incumbent
Independent Chairperson	Candia Kingston
Independent Member	Jon Beckett
RL CEO Office Director	Ewan Smith
RL Group Investment Director	Vidur Bahree
RLAM Chief Investment Officer	Piers Hillier

- 2.2 The Committee shall have at least two independent members, one of whom shall be appointed Chairperson. The Committee shall comprise of not less than three members.
- 2.3 All members of the Committee shall have sufficient knowledge of RL's business and of the industry to bring independent and objective challenge.
- 2.4 Membership of the Committee will be reviewed annually. This review and any appointment of new members will be carried out by the Head of Investment Solutions under the authority of the Group Chief Commercial Officer.

3. QUORUM AND VOTING

- 3.1 A quorum shall be two members, one of whom must be an independent member.
- 3.2 In the absence of the Committee Chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 3.3 Each member of the Committee shall have one vote, and matters requiring a vote of members shall be agreed by a simple majority of those members present at the meeting, or by written consent from Committee members not present.

4. ATTENDANCE AT MEETINGS

- 4.1 Alongside Committee members, members of the RL Investment Solutions team will attend meetings as appropriate to the subjects being discussed.
- 4.2 The RL Group Chief Risk Officer and Chair of the RL IGC will also be standing invitees.
- 4.3 The Head of Multi-Asset at RLAM will also be a standing invitee, though there may be occasion where conflicts mean they are asked to step out of the meeting.
- 4.4 The Committee may invite external advisers and other attendees to attend (parts of) meetings where it considers this to be appropriate.
- 4.5 The Committee shall receive secretarial support from CoSec.

5. FREQUENCY

- 5.1 The Committee will meet at least four times a year.

6. NOTICE OF MEETINGS

- 6.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Head of Investment Solutions or the Chair of the Committee.
- 6.2 Reasonable written notice (including email) 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.
- 6.3 Meetings will normally take place in person but may also take place via telephone, video, or other electronic means.

7. PROCEEDINGS

- 7.1 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and by exception, raise them and minute them accordingly.
- 7.2 The Committee shall maintain minutes of each meeting which shall be approved by all members of the Committee as soon as is reasonably practicable after the date of the meeting.
- 7.3 Following approval of the minutes, a summary of the meeting will be made available on the Company's website. Publication of this summary provides transparency to the governance process. However, due care is required to ensure we do not share commercially sensitive information and make clear the distinction between opinions of the committee and those of RL as a whole. Responsibility for managing these sensitivities sits with the Head of Investment Solutions.

8. AUTHORITY AND ACCOUNTABILITY

- 8.1 The Committee is formed under the authority of the Group Chief Commercial Officer.

9. DUTIES OF THE COMMITTEE

- 9.1 The Committee's principal responsibilities are to provide advice, guidance and support. This includes the following key areas:
 - The breadth and segmentation of investments available to meet the range of objectives appropriate for the customers the proposition is targeted at;
 - Strategic Asset Allocations ("SAAs") to ensure they remain suitable for their objectives and that these objectives are suitable for the intended customers;
 - Any new asset classes or investment capabilities being employed and how inclusion in the SAAs delivers customer benefits;
 - Tactical positions to ensure they are within acceptable risk levels and review and challenge the performance;
 - The way in which ESG themes are considered and integrated into solutions, including any potential trade-offs between performance, risk, and ESG;
 - The performance and risk relative to benchmark and to how the investments have been described to customers; and
 - Recommendations to replace any underlying manager. This may be as a result of a fund breaching its risk targets; underperformance - or future underperformance expectations - relative to benchmark and/or peer group; or a failure to meet the requirements of RL's Investment Philosophy and Beliefs. The committee would also consider whether any replacement managers are better placed to deliver on these outcomes and therefore offer good value for money to customers.

Not all these responsibilities are relevant for all investments in scope of the Committee's remit. This table shows how these responsibilities relate to the 4 areas of scope defined in paragraph 1.4:

	Governed Range	Investment Pathways	Funds managed by RLAM	The Matrix Range
The breadth and segmentation available	✓			✓
Strategic Asset Allocations	✓	✓		
New asset classes or investment capabilities	✓	✓		
Tactical positions	✓	✓		
ESG themes	✓	✓	✓	
The performance and risk relative to benchmark	✓	✓	✓	✓
Recommendations to replace any underlying manager	✓	✓	✓	✓

9.2 The Committee may also be asked to review any matters referred to it by any other RL Group Committee. For example, the Board Investment Committee and the Independent Governance Committee. The Committee is under no obligation to accept referrals and shall only do so provided that the Chairperson reasonably believes this to be consistent with the purpose of the Committee.

10. REPORTING LINES

10.1 The Committee will report on its activities to the Group Chief Commercial Officer.

11. TERMS OF REFERENCE

11.1 The terms of reference will be reviewed at least annually to ensure that they remain relevant and fit for purpose.

11.2 The terms of reference of the Committee will be available on the Company's website.

12. REVIEWING EFFECTIVENESS

12.1 The Committee will review its effectiveness at least triennially and assess whether it is fulfilling its obligations under these Terms of Reference. A more frequent review should be considered in the event of any significant change in membership or terms of reference.