

**RANDALL & QUILTER INVESTMENT HOLDINGS LTD.**  
**GROUP CAPITAL & INVESTMENT COMMITTEE (the “Committee”)**

**TERMS OF REFERENCE**

**1. Membership**

- 1.1. The Committee shall comprise at least three members and shall comprise the executive directors and the Group Chief Actuary. The chair of the Committee shall be the Chief Financial Officer. Members of the Committee shall be appointed by the board, in consultation with the chair of the Committee.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Head of Finance and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3. In the absence of the Committee chair 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 chair of the board shall not be chair of the Committee.

**2. Secretary**

The company secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

**3. Quorum and Voting**

- 3.1. The quorum necessary for the transaction of business shall be two executive directors.
- 3.2. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 3.3. The members shall declare, at the beginning of each meeting, the existence of any conflicts of interest, to be minuted accordingly. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly, has a personal interest, that member shall not be entitled to vote at the meeting.

**4. Meetings**

The Committee shall meet at least four times a year 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 chair.
- 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 resolutions of all Committee meetings, including 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 in the opinion of the Committee chair it would be inappropriate to do so.

## **7. Duties**

The Committee shall be responsible for the proper discharge of the following functions and for reporting and making recommendations in connection therewith in relation to the following areas:

### **Capital Management, Capital Setting & Use**

- 7.1. To maintain a suitable capital management governance framework is maintained, in conjunction with other relevant subcommittees within the Group;
- 7.2. To maintain an efficient and robust process is in place in respect of maintaining adequate working capital;
- 7.3. To monitor Group Solvency requirements generally and specifically in respect of the impact thereon of proposed transactions;
- 7.4. To monitor the process for ensuring adequate working capital and ensure it is optimised against the business plan and has sufficient regard for any regulatory and rating requirements with an adequate safety buffer;
- 7.5. To oversee the Group's Capital Allocation to the different elements of the business.

### **Investment Strategy and implementation**

- 7.6. Recommend to the relevant board of RQIH an investment strategy for the management of Corporate, Insurance and Syndicate assets owned or managed by companies within the Group. In this role, the Committee will determine, implement and review an investment strategy to deliver the Group's agreed investment objectives:
  - 7.6.1 to at least maintain the real value of the investment portfolio over time;
  - 7.6.2 to generate a sustainable return and return on capital; and
  - 7.6.3 to deliver the investment objectives within an acceptable level of risk

- 7.7. To approve the appointment of suitably qualified investment managers to Group companies and in consultation with the boards of such companies, implement the agreed investment strategy, set appropriate benchmarks and monitor performance against such benchmarks.
- 7.8. To make or dispose of investments in free funds as it sees fit on behalf of RQIH, provided that such transactions are in accordance with the investment strategy referred to in paragraph 7.6 hereof, and to monitor the performance thereof.
- 7.9. To review the Group Solvency calculation on a regular basis.

#### **Acquisitions, portfolio transfers and hybrid transactions/investments or structures**

- 7.10. To ensure the necessary financial, legal, regulatory, commercial and personnel due diligence has been undertaken and considered.
- 7.11. To ensure that the appropriate financial and management controls are in place in the acquired business immediately following the completion of the transaction;
- 7.12. To ensure that the necessary personnel resources are allocated to the project pre and post completion. Further to understand the consequences of this resource allocation on the ongoing R&Q businesses;
- 7.13. To understand and evaluate the likely regulatory implications of proposed transactions;
- 7.14. To commission post-completion evaluations of transactions and related implementation plans and to make recommendations as to the approach to future such transactions;
- 7.15. To consider and, if thought fit, approve transactions involving the acquisition or disposal of assets, investments or other interest where the expected net liabilities do not exceed £10m or currency equivalent. For the avoidance of doubt, any such transactions exceeding £10m are subject to the approval of the board;
- 7.16. To consider and, if thought fit, approve all program management underwriting transactions submitted by Group underwriting committees. Such transactions shall not be submitted to any regulatory authorities or subsidiary boards unless the transaction has been approved by the Committee;
- 7.17. To afford guidance on the search for acquisitions and on acquisition matters generally within broad policies determined by the Board;

#### **Other financial matters**

- 7.18. To monitor foreign exchange exposures and recommend policies for its management;

- 7.19. To review the making of loans and/or guarantees between the company and/or between group companies, the terms and conditions, duration and aggregate value thereof;
- 7.20. To undertake such other responsibilities as may be delegated by the Board from time to time in relation to acquisitions.

## **8 Reporting Responsibilities**

- 8.1. The Committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2. The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

## **9 General Matters**

The Committee shall:

- 9.1. Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 9.2. Be provided with appropriate and timely training, as it considers necessary from time to time in respect of new members and on an on-going basis for all members.
- 9.3. 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.
- 9.4. The Committee shall make recommendations for the board to consider where it requires external expert or other professional advice on any matters within its terms of reference.