

Group Secretariat

Group Investment Committee Terms of Reference

Approved on:
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RSA Insurance Group plc
20 Fenchurch Street
London EC3M 3AU

RSA Insurance Group plc (the “Company”)

GROUP INVESTMENT COMMITTEE – TERMS OF REFERENCE

1. Principal Function

- 1.1. The Board of Directors of the Company (the "Board") is responsible for directing the affairs of the Company and the Group in a manner that meets both shareholder and regulatory requirements and is consistent with current corporate governance best practice standards, and the Company's Articles of Association.
- 1.2. The Committee is authorised by the Board to manage all aspects of investment policy and strategy for the Group and provide oversight of the operation of the Group's investment portfolios within established strategy and risks frameworks.

2. Membership

- 2.1 The members shall be appointed by the Board and shall be comprised of a majority of Non-Executive Directors.
- 2.2 The Board shall appoint the Committee Chairman, and determine the period for which they shall hold office. In the absence of the Committee Chairman, the remaining members present shall elect one of their number to chair the meeting.
- 2.3 Care shall be taken to minimise the risk of any conflict of interest or coalition of interests that could arise.

3. Attendance

- 3.1 If a Committee member is unable to attend due to absence, illness or any other cause, the members of the Committee may appoint an independent Non-Executive Director to serve as an alternate member, maintaining the quorum set out in paragraph 5.1 below.
- 3.2 The Group Chief Executive and Group Chief Financial Officer shall be invited to attend Committee meetings. For the avoidance of doubt they are not members of the Committee.
- 3.3 Only members of the Committee have the right to attend Committee meetings. The Committee may invite any directors, other executives of the Group, employees or external professional advisers to attend all or part of any meetings as and when appropriate. The Committee shall usually invite the Group Investments Director to attend meetings.

4. Secretary

- 4.1 The Group Chief Legal Officer and Company Secretary or his/her duly appointed nominee shall act as Secretary of the Committee.

5. Quorum

- 5.1 The quorum necessary for the transaction of business shall be two members of the Committee.
- 5.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Committee.

5.3 The Committee may meet for the despatch of business, adjourn and otherwise regulate meetings as they think fit. Without prejudice to the foregoing, all members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to fully participate and be counted in the quorum accordingly.

6. Frequency of meetings

6.1 The Committee shall meet at least twice a year and at such other times as otherwise required.

6.2 Each year, the Committee or Chair of the Committee shall have at least one meeting, or part thereof, with the Group Investments Director without executive directors or management being present.

7. Notice of meetings

7.1 Meetings of the Committee shall be convened by the Secretary to the Committee at the request of any of its members. Meetings can be requested by management if they consider it necessary.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and to other attendees as appropriate prior to the date of the meeting.

8. Minutes of meetings

8.1 The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance. The Secretary shall also minute the proceedings and resolutions of any meeting between the Non-Executive Directors and the Group Investments Director where executive management are not present at the discretion of the Committee Chairman.

8.2 The members of the Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly.

8.3 Draft minutes of Committee meetings shall be circulated promptly to the Committee Chairman and once agreed, to all members of the Committee.

8.4 Once approved, minutes shall be circulated to all members of the Board unless it would be inappropriate to do so.

9. Annual General Meeting

9.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities and responsibilities.

10. Responsibilities

10.1 The responsibilities of the Committee shall be to:

- (A) review and approve, at least annually, the investment strategy framework of the Group's investment portfolios;
- (B) examine current global investment portfolio dispositions and ensure these remain consistent with the Group's current strategy and risk framework and appetite;
- (C) review, challenge and approve (as appropriate) specific major investment strategy proposals;
- (D) review the operational framework of the global investment portfolios of the Group, including the use of both internal and external fund management resources;
- (E) review the performance generated by the investment assets of the Group, both in absolute terms and relative to benchmark targets;
- (F) review the disposition and performance of the investment portfolios of the Group's defined benefit pension schemes;
- (G) challenge and approve as appropriate any material changes to pension investment strategy;
- (H) approve any changes to the terms of reference for the Group Asset Management Committee; and
- (I) consider (and if appropriate approve) requests by the Group Asset Management Committee for proposed changes in investment strategy that would lead the disposition of the Group's investment portfolios to be outside the limits established by the Board Risk Committee.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where it believes action or improvement is needed.

11. Reporting Responsibilities

11.1 The Committee shall provide such information for inclusion in the Company's Annual Report and Accounts as shall be required.

11.2 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting.

11.3 The Committee shall:

- (A) At least once a year review its own performance, constitution and terms of reference to ensure it is operating effectively, and recommend any changes it considers necessary to the Board; and

(B) make available its terms of reference.

12. Other Matters

12.1 The Committee shall:

(A) have access to sufficient resources in order to carry out its duties, including access to the Group's Secretariat for assistance as required; and

(B) The Committee can request training as appropriate.

13. Authority

13.1 The Committee is authorised by the Board to:

(A) seek any information it requires from any member of staff of the Group in order to perform its duties;

(B) obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference;

(C) secure the attendance of appropriate individuals with relevant experience and expertise at meetings of the Committee if it considers such attendance reasonably necessary; and

(D) delegate any of its duties as is appropriate to such persons or person as it thinks fit whilst retaining responsibility and oversight for any and all actions taken.