

## INVESTMENT COMMITTEE TERMS OF REFERENCE

### 1. Establishment and duration

1.1 The Company's Investment Committee ("*the Committee*") was established by resolution of the Company's Board under Article 42 of the Company's Articles of Association on 22 February 2011.

### 2. Scope and remit

2.1 The Committee has the primary function of oversight of the Company's investment portfolio on behalf of the Board.

### 3. Membership

3.1 The Board shall appoint members of the Committee, which shall comprise at least two directors. The provisions of Article 42 generally allowing a Nominet committee established by the Board to co-opt further members shall apply to the Investment Committee.

3.2 Appointments to the Committee shall be for a period of up to three years and may be renewed.

3.3 A person shall cease to be a member of the Committee:

- a) at the end of his/her period of appointment (subject to reappointment);
- b) on ceasing to be a director;
- c) through a resolution of the Board terminating his/her appointment;
- d) on written notice of resignation from the appointment to the Company Secretary.

3.4 The Board may appoint the chairman of the Committee. In the absence of such a Board appointment, or the appointed chairman at a quorate meeting of the Committee, the Committee shall elect a chairman from among its members.

3.5 The Committee shall have the power to request any member of Senior Management to attend its meetings.

3.6 The Committee shall have the power to appoint a staff member with relevant skills to become a Committee member with the agreement of the Chief Executive Officer.

### 4. Secretary

4.1 The Board may appoint a Committee secretary, in particular for the purpose of maintaining proper minutes of the Committee. In the absence of such a Board appointment, or the appointed Committee secretary at a quorate meeting of the Committee, the Committee shall arrange for appropriate minutes to be kept by one of its members.

4.2 The Company Secretary (or his or her nominee) 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.

### 5. Quorum

5.1 The quorum necessary for the transaction of business shall be two.

5.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

## 6. Meetings

- 6.1 The Committee shall meet at least twice a year and otherwise as directed by the Board, or when otherwise summoned by the Committee Chairman at his or her discretion.

## 7. Notice of meetings

- 7.1 Meetings shall generally be summoned by the Committee Secretary and should be summoned on at least five working days written notice, including the agenda and relevant papers.
- 7.2 Each Committee member shall provide an e-mail address which shall be the principal communication address for written notices and communications relevant to the Committee.

## 8. Minutes of meetings

- 8.1 The Secretary shall minute the Committee meetings and shall include names of all those present and in attendance at Committee meetings, all decisions made and a reasonable record of key deliberations.
- 8.2 Draft minutes of a Committee meeting shall be circulated promptly to all Committee members with a reasonable period for comments to be made. Once that period has elapsed the Committee Chairman shall take responsibility for finalising and signing the minutes.
- 8.3 Once finalised Committee minutes shall be submitted to the Board.

## 9. Annual General Meeting

- 9.1 The Chair of the Committee or, by agreement of the Committee, his or her nominee shall attend the Annual General Meeting prepared to respond to any member questions on the Committee's activities.
- 9.2 The Committee shall report the frequency of, and attendance by members at, Committee meetings in the annual reports.

## 10. Duties

In particular, but not exclusively, the Committee shall carry out the following activities:

- 10.1 Propose recommendations to the Board on investment policy and strategy;
- 10.2 Monitor the Company's investments to assess the appropriateness of the investment strategy, and recommend changes to the Board as appropriate;
- 10.3 Report to the Board at regular intervals on investment performance in comparison to relevant benchmarks as the Board may select (either directly or via investment experts);
- 10.4 Report on areas of risk within the investment strategy;
- 10.5 Ensure that investments are made in accordance with the strategy and related asset allocation limits;
- 10.6 Consider the appointment of the external Investment Managers and associated investment fees;
- 10.7 Monitor investment performance including the performance of external Investment Managers, to ensure that returns are within acceptable limits;

- 10.8 Consider and if appropriate approve any specific investments in excess of asset allocation limits, subject to scope agreed with the Board, and prohibiting other classes of investment (on ethical grounds for example);
- 10.9 Monitor the distribution of the Company's cash balances and propose recommendations to the Board in relation to treasury policy. The Committee shall have discretion to make transfers into the investment portfolio (to a maximum of £2m per month), and report these to the Board for information. The Committee will make recommendations to the Board on withdrawals from the investment portfolio;
- 10.10 Generally, in performing its functions, to promote appropriate credit management, liquidity and investment returns, in addition to the public benefit objects and best interests of Nominet.

### **11. Reporting Responsibilities**

- 11.1 The Chair of the Committee shall, unless otherwise instructed or agreed, be prepared to report to each Board meeting on the proceedings of the Committee, or to them directly between meetings, if required.
- 11.2 The Committee shall make such reports and recommendations to the Board as it considers appropriate in accordance with its duties and responsibilities.
- 11.3 The Committee chairman shall, unless otherwise instructed, be prepared to report formally to each Board meeting and the Company's annual general meeting on the proceedings of the Committee.
- 11.4 The Committee shall approve an Investment Committee statement for publication in each annual report of the Company, relating to its activities.

### **12. Other Matters**

The Committee shall:

- 12.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance, as required.
- 12.2 Arrange for a review of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### **13. Authority**

- 13.1 The Committee is authorised by the Board to seek any information it reasonably requires from any employee and all employees are directed to co-operate with any reasonable request made by the Committee.
- 13.2 The Committee is authorised by the Board to obtain, in connection with its duties, and at the Company's expense, any outside legal or other independent professional advice it considers to be necessary
- 13.3 The Committee is authorised by the Board to obtain appropriate and timely training, both in the form of an induction programme for new Committee members and on an ongoing basis.

*Approved by the Board in November 2015.*