

The Board of the Pension Protection Fund

Investment Committee

Terms of Reference

Establishment

The Investment Committee (“the Committee”) is a Committee of the Board of the Pension Protection Fund. It is established under paragraph 15 of Schedule 5 to the Pensions Act 2004 (“the Act”) and the Board has authorised the Committee to discharge certain investment functions on its behalf under paragraph 17 of Schedule 5 to the Act.

Membership

- Membership of the Committee will comprise Executive and Non-executive members of the Board; and
- Such co-opted members as the Board may, from time to time, determine.
- For voting purposes, Non-executive members should represent the majority. The co-opted members will not have the right to participate in a vote.
- One of the Non-executive Members will be appointed Chair of the Committee.
- Three Committee members, of whom at least two must be Non-executive members, will constitute a quorum.
- All members of the Board have rights of attendance.

Secretary

The Board Secretary or their nominee will provide secretarial support to the Committee.

Meetings

The Committee will meet at least four times each year. The Chair of the Committee may convene additional meetings.

The Committee may invite any persons to attend all or part of any meeting but such invited persons shall not have a right to vote on any matter before the Committee.

Reporting

The minutes of the Committee will be reported for information to the next convenient meeting of the Board.

The Chairman will provide a report summarising the Committee’s work at each Board meeting and will highlight any particular issues that should be drawn to the Board’s attention.

An assessment of the Committee’s effectiveness will be provided to the Board at the end of each year.

Responsibilities

The Investment Committee will have delegated authority for the discharge of certain functions including:

- Developing the Pension Protection Fund's and the Fraud Compensation Fund's investment principles and strategy under sections 114 and 188 of the Pensions Act 2004 respectively.
- Approving revisions to the Pension Protection Fund's and the Fraud Compensation Fund's Statements of Investment Principles or recommending changes, where these are material, to the Board.
- Developing and overseeing the overall approach to investment risk management, including appropriate delegations and periodic reviews.
- Overseeing the implementation of the risk and investment strategies. Maintaining and engaging in a forward looking review of strategic risks and opportunities.
- Developing and maintaining the Pension Protection Fund's responsible investment policies.
- Developing the principles for dealing with the investments of schemes in assessment and subsequent transfer to the Pension Protection Fund.
- Oversight of the annual investment report of the Pension Protection Fund.
- Approving and overseeing the framework for the appointment, retirement and contractual review of the fund managers (as defined in section 113(5) of the Act) including the assessment of appropriate knowledge and experience under section 113 (6) of the Act, as undertaken by the Executive.
- Approving and overseeing the framework for the appointment, retirement and contractual review of the investment adviser appointed under section 113 of the Act.
- Approving and overseeing the framework for the appointment, retirement and contractual review of the custodian to the funds based on a recommendation from the Executive.

The Committee will have the authority to commission any reports or advice that it needs to fulfil its responsibilities.

All members of the Committee will be entitled to receive training to enable them to undertake whatever steps are necessary to enable them to fulfil their duties. Requests for training should be referred to the Board Secretary or Chairman as set out in the Board Manual.

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