

## TERMS OF REFERENCE

### FINANCE AND INVESTMENT COMMITTEE

**Role:** The role of the Finance and Investment Committee is to scrutinise, review and provide oversight on all major finance and investment activity of the Fund and provide guidance and recommendations to the Board on these and related matters. In specific circumstances, the Board may delegate decision-making authority to the Committee in order to expedite transactions or aid operational requirements.

#### **Composition of the Committee:**

The standing members of the Committee are directors appointed by the Board. Members of staff and other specialist advisers may be invited to attend any meeting of the Committee.

The Committee consists of:

- Three C Class (Independent) directors
- One A Class (Worker-Representative) director
- One B Class (Employer-Representative) director

The Board is to elect a Chairperson for a period not less than one complete financial year and until the expiry of the director's four year term – at which point the director is eligible for re-election as the Committee Chairman. The Chairman of the Committee is to be one of the Independent (C Class) directors. The Company Secretary will be the Secretary of the Committee unless the Committee decides otherwise.

A quorum of the Committee is a majority of appointed members.

Any director may attend meetings of the Committee even if not an appointed member of the Committee.

**Terms of Reference:** The Committee is to:

- assess and recommend the appointment and termination of investment managers and monitor their performance;
- provide financial and investment recommendations;
- review and monitor accounting and investment policies;
- develop investment strategies to meet objectives;
- develop, and ensure compliance with, policies for controlling major capital expenditure and investment activity;
- scrutinise the annual budget submission; under delegation of the Board, the Committee approves the "budget parameters" as the basis for the budget.
- review and advise on any actuarial advice;
- review the monthly statements of account and investment returns;
- investigate, consider and advise on all major capital expenditure and investment proposals;

- review compliance with investment mandates on a regular basis; this is performed on an exception basis via reports from the Master Custodian
- review and advise on the financial impact of any proposed change to any rule, policy or benefit associated with the operation of the Fund; where required by the Board and
- investigate and provide advice on any other proposal or topic referred to it.

***Operation of the Committee:***

The Committee is generally advisory in nature but has some permanent delegations from the Board in respect of some financial and investment matters as detailed on the attached delegations schedule. These cover cyclical financial approvals where the required timing is outside normal Board meeting times and urgent investment decisions where there may be a detriment to the fund in any delay. It may also be given a temporary delegation for a specific financial or investment undertaking. Such delegation is to be confirmed in writing from the Board (eg, a Board Decision as recorded in the Board's Minutes is sufficient.).

The Committee is to set its own meeting timetable and agenda. All scheduled meetings of the Committee are to be minuted and those minutes forwarded to the next available Board Meeting for review and approval. Unscheduled meetings to receive briefings, etc. need not be minuted unless directed by the Chairman.

The Committee is to maintain attendance records. Committee attendance records will be published at each Board meeting.

Meetings may be held by any acceptable means, eg, telephone, written communication (including facsimile and e-mail) or by direct computer link but will normally be by attendance at CoINVEST Ltd's offices.

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*Reviewed and endorsed by the Finance and Investment Committee on 1 April 2014*  
*Reviewed and approved by the Board on 6 May 2014*

***Extract of Articles of Association:***

**35 PROCEEDINGS OF DIRECTORS - Directors' committees**

35.1

(a) Directors may delegate any of their powers, other than those which by law must be dealt with by the Directors as a board, to a committee or committees.

(b) The Directors may at any time revoke any delegation of power to a committee.

35.2 A committee must exercise its powers in accordance with any directions of the Directors and a power exercised in that way is deemed to have been exercised by the Directors.

35.3 A committee may be authorised to sub-delegate all or any of the powers for the time being vested in it.

35.4 Meetings of any committee will be governed by the provisions of these Articles which deal with Directors' meetings so far as they are applicable and are not inconsistent with any directions of the Directors.

35.5 The Board may form a Finance Committee, an Audit Committee or any other Committee. The Board will determine the membership, terms of reference and any other matter relating to the operation of any committee so established. At least one Director must be appointed to each committee and a Director must chair the committee.

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**Extract of Articles of Association:  
Schedule of Delegations from the Board of CoINVEST Limited to the Finance and Investment Committee.**

| <b>Ref</b>  | <b>Delegated Power</b>  | <b>Limit</b>         | <b>Special Conditions of Exercise of Delegation</b><br>Orders must not be split to achieve the delegation   |
|-------------|---|----------------------|---|
| <b>9</b>    | <b>DELEGATIONS TO THE FINANCE AND INVESTMENT COMMITTEE</b>  |                      | <i>(Approved via Board Decision No. 06/07/8)</i>  |
| <b>9(a)</b> | <b>Financial</b>  |                      | <b><i>Exercise of the Delegations to be Reported at the next Board Meeting</i></b>  |
| 9(a)(i)     | Approve budget parameters   | N/A                  |   |
| 9(a)(ii)    | Approve actuarial assumptions   | N/A                  |   |
| 9(a)(iii)   | Approve balance date adjustments for: <ul style="list-style-type: none"> <li>• Revenue accrual</li> <li>• Compliance costs accrual</li> <li>• Provision for doubtful debts</li> <li>• Property valuations</li> <li>• Actuarial valuation</li> </ul> | N/A                  | The Committee may authorise amendments to these accruals and provisions during the course of the year (ie outside of the year-end financial statement process).   |
| 9(a)(iv)    | Approve bad debt write offs   | \$100,000 per debtor | Limit placed on write offs via Board decision No 10/09/2  |
| <b>9(b)</b> | <b>Investment</b>   |                      | <b><i>Exercise of the Delegations to be Reported at the next Board Meeting</i></b>  |
| 9(b)(i)     | Terminate External Fund Manager, Master Custodian or Asset consultant   | N/A                  | Either segregated mandate or Trust  |
| 9(b)(ii)    | Appoint External Fund Manager, Master Custodian or Asset consultant   | N/A                  | Given time lines, the Board should be aware that this action will occur in advance  |
| 9(b)(iii)   | Formally approve property purchases   | N/A                  | After all conditions for pre-purchase have been met, valuations, due diligence, financial analysis etc. The Board should be aware and approve in advance the purchase subject to due diligence in accordance with the investment strategy |
| 9(b)(iv)    | Authorise the transfer of assets between existing asset classes   | N/A                  | Transfers to be within neutral benchmark ranges for the asset classes – or transfer towards the neutral benchmark range if the allocation is already outside that range.  |