



Australian Government
Coal Mining Industry
(Long Service Leave Funding) Corporation

COALLSL

Investment Committee

Terms of Reference

Contents

| | | |
|-----|---|---|
| 1. | Introduction..... | 3 |
| 2. | Objectives of the IC..... | 3 |
| 3. | Powers of the IC..... | 3 |
| 4. | Duties and responsibilities of the IC..... | 3 |
| | 4.1. Investment Strategy | 3 |
| | 4.2. Custodial Services..... | 4 |
| | 4.3. Asset Consultant(s) | 4 |
| | 4.4. Investment Managers..... | 4 |
| | 4.5. Delegations..... | 4 |
| 5. | Composition of the IC | 4 |
| | 5.1. Members of the IC | 4 |
| | 5.2. Quorum..... | 5 |
| | 5.3. Chairperson of the IC..... | 5 |
| | 5.4. Minute Secretary | 5 |
| | 5.5. Term of appointment..... | 5 |
| | 5.6. Authority to attend Board meetings | 5 |
| 6. | IC meetings..... | 5 |
| | 6.1. Frequency of meetings | 5 |
| | 6.2. Decision of the IC | 5 |
| | 6.3. Minutes to be kept..... | 6 |
| | 6.4. Observers and invitees | 6 |
| | 6.5. Reporting..... | 6 |
| 7. | Management of Code of Conduct..... | 6 |
| 8. | Terms of Reference review..... | 6 |
| 9. | References and related documents..... | 6 |
| 10. | Version history..... | 6 |

1. Introduction

The Board of Directors (**Board**) of the Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL) has constituted the Investment Committee (**IC**) to discharge its functions in accordance with these terms of reference.

2. Objectives of the IC

The IC plays a key role in assisting the Board with its responsibility “to formulate and give effect to an investment strategy”.

The IC is a subcommittee of the Board that provides Directors with a forum to consider and determine matters relating to investments in detail.

The objectives of the IC are to:

- Provide assistance to the Board in the discharge of its responsibility to exercise due care and skill in relation to formulating and giving effect to an investment strategy
- Recommend investment strategy and policy to the Board
- Monitor and evaluate if the Fund is delivering or likely to deliver on investment objectives
- Oversee the performance of investment managers, asset consultants and master custodian
- Provide an additional forum for communication on issues relating to investment management and performance.

3. Powers of the IC

- The Board authorises the IC to seek any information it requires within the scope of its duties and responsibilities
- The IC shall have unlimited access to the investment managers, master custodian, asset consultant and employees
- The IC may obtain independent professional advice where it considers this necessary to carry out its duties
- The IC may appoint a consultant to the IC where it considers this necessary to carry out its duties
- The IC shall review and approve selection and replacement of investment managers.

4. Duties and responsibilities of the IC

The functions of the IC are to meet to receive reports, review matters and make recommendations relating to the following areas of responsibility:

4.1. Investment Strategy

- Ensure investment of the assets of the Fund is in compliance with the Investment Strategy adopted by the Board and also in compliance with relevant policies

- Ensure the manager configuration in each asset class contribute to the overall performance of the Fund
- Ensure any adjustments to the overall investment strategy and re-balance in accordance with guidelines are implemented on a timely basis
- Review investment performance against the stated short and long term investment objectives of Coal LSL and against the Performance and Risk Trigger Action Response Plans
- Make recommendations to the Board in regard to investment strategy and management of the Fund.

4.2. Custodial Services

- Receive and consider investment performance reports from the Master Custodian
- Review and monitor the performance of the Master Custodian.

4.3. Asset Consultant(s)

- Receive and consider reports from the Asset Consultant(s) on matters related to the investment of the assets of the Fund
- Review and monitor the performance of the Asset Consultant
- Consider and make recommendations to the Board, as to the engagement or termination of the Asset Consultant(s), as deemed necessary.

4.4. Investment Managers

- Receive and consider reports on the investment of the assets, and reviews of asset classes, of the Fund
- Under delegation from the Board, make decisions regarding the appointment or termination of investment managers in compliance with relevant policies
- Under delegation from the Board, provide exemption with regards to the following Investment Belief per Coal LSL's Investment Policy:

"It is prudent to hold no more than 20% of a unit trust's assets, and also that no investment manager accounts for more than 20% of total assets."

4.5. Delegations

- Such matters as relate to the investment of the assets of the Fund as are delegated to the IC by the Board.

5. Composition of the IC

5.1. Members of the IC

The IC shall consist of not less than two (2) Directors and at least one (1) non-Director with expert investment skills. All permanent members to collectively have the appropriate qualifications, knowledge, skills and experience to assist the IC to perform its functions.

Committee members should demonstrate an understanding and ability to apply specific skills as identified in the Coal LSL Competency framework.

5.2. Quorum

A minimum of three (3) members of the IC must be present at the meeting for a quorum.

5.3. Chairperson of the IC

An IC Chairperson shall be appointed by the Board or otherwise by the Directors on the Committee for an agreed term.

The IC Chairperson regularly evaluates the IC's performance.

5.4. Minute Secretary

A Minute Secretary is to attend all meetings and record proceedings.

5.5. Term of appointment

The term of appointment of any Director or non-Director of the IC shall be as determined by the Board from time to time.

5.6. Authority to attend Board meetings

The IC Chairperson is authorised, but not required, to attend Board meetings to present a report on IC meetings and matters referred to the Board by the IC.

6. IC meetings

6.1. Frequency of meetings

The IC shall hold a minimum of four (4) meetings per year. Special meetings may be convened as required.

6.2. Decisions of the IC

The findings and recommendations reported to the Board by the IC shall be determined by consensus.

Where support for any matter is not unanimous among IC members in attendance at the meeting, reasons why an IC member does not support the recommendations and particulars of any numbers for and against any recommendation shall be indicated in the report to the Board containing such recommendation.

Only an IC member may vote in any deliberations of the IC.

The IC is empowered to make decisions via circular resolution and can conduct meetings by teleconference or videoconference should the need arise.

Decisions via circular resolution must be 100% in favour to be approved.

6.3. Minutes to be kept

The proceedings of all meetings shall be recorded as soon as practicable after the meeting has been held and provided to the next meeting of the IC for approval.

6.4. Observers and invitees

The IC may invite persons to observe meetings of the IC and provide information to the IC. Such persons may include other members of the Board of Directors, employees, consultants, advisers and investment managers of Coal LSL. Other relevant service providers may also be invited to attend IC meetings from time to time.

7. Reporting

The IC is to report its findings, decisions and any recommendations to a regular meeting of the Board of Directors.

The minutes, agenda and supporting papers of each IC meeting shall be made available to any Director.

8. Management of Code of Conduct

Coal LSL's Code of Conduct always applies in respect of the operations of this Committee.

9. Terms of Reference review

The Terms of Reference for the IC shall be reviewed at least annually. All amendments must be approved by the Board.

10. References and related documents

- *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule)
- Coal LSL Board Charter
- Coal LSL Competency Framework

11. Version history

| Ver. | Date | Changed/Approved by | Changes made |
|------|-----------|---------------------|-----------------|
| 1 | Dec 2010 | Board | Original. |
| 2-8 | 2015–2022 | Board | Annual reviews. |
| 9 | Mar 2023 | Board | Annual review. |