



Public Trust

Investment Committee Charter

August 2018



1. INTRODUCTION

- 1.1. **This Charter:** This Charter sets out the governance requirements for the Investment Committee (Committee).
- 1.2. **Corporate Governance Principles:** The core governance principles of Public Trust are underpinned by its obligations under the Public Trust Act 2001 and the Crown Entities Act 2004. The Board has also adopted the Financial Markets Authority Corporate Governance Handbook dated February 2018 (so far as it is applicable to Public Trust), as well as principles set out in the Institute of Directors Code of Practice and relevant guidance from the State Services Commission and the Office of the Auditor General to form the basis of Public Trust's corporate governance framework.

2. PURPOSE OF THE COMMITTEE

- 2.1. **Purpose:** The purpose of the Committee is to oversee, on behalf of the Board, the philosophy, policies, strategy, implementation, performance, compliance and risk in respect of the investment of:
 - a) the Common Fund and Public Trust Investment Service; and
 - b) the free working capital of Public Trust.
- 2.2. **Not within purpose:** For the avoidance of doubt, not within the Committee's purpose are:
 - a) the activities of Corporate Trustee Services;
 - b) customers' non-financial assets; and
 - c) immediately distributable estates.

3. STRUCTURE

- 3.1. **Structure:** The Committee consists of a Committee Chair plus at least two but no more than four other Board Members (i.e. a maximum total of five members), together with such other persons as the Board considers appropriate from time to time.
- 3.2. **Appointments:** The Board appoints and removes the members of the Committee and the Committee Chair.
- 3.3. **Board Chair:** The Board Chair is an ex officio member of the Committee, but may not be the Committee Chair. The Board Chair is counted as one of the Board Members required for the purposes of paragraph 3.1.
- 3.4. **Responsibilities of the Committee Chair:** The Committee Chair's role is to manage the Committee effectively, and provide leadership and guidance to ensure that the Committee is operating to the highest governance standards. Specific responsibilities of the Chair include:
 - a) presenting Committee recommendations back to the Board at the next scheduled Board meeting immediately following the Committee meeting and leading the Board discussion on such matters;
 - b) ensuring that the Board and the Board Chair are kept informed of matters relating to the Committee's areas of responsibility, and that significant issues are promptly escalated for action by the Board;
 - c) progressing matters with management outside of Committee meetings in a timely manner, either under a delegated authority from the Board or from the Committee;
 - d) maintaining regular engagement with the relevant Executive or management team member;



- e) providing feedback to the Chief Executive on the performance of relevant Executive members, or to the Executive on the performance of relevant management team members, upon request; and
 - f) maintaining a no surprises policy between the Committee and the Board Chair.
- 3.5. **Access to information:** The Committee may investigate any matter falling within its purpose and responsibilities, and for that purpose may have access to Public Trust's books, records, facilities and employees.
- 3.6. **Independent advice:** Committee members are entitled to obtain, at Public Trust's cost, independent professional advice relating to the discharge of their responsibilities as a Committee member, provided that Committee members are expected to consult the Committee Chair and the General Manager, Legal & Governance prior to obtaining the advice, to ensure independence and avoid duplication. Where the advice relates to the Committee Chair or the General Manager, Legal & Governance, Committee members should consult the Board Chair. A copy of any advice will be made available to all Committee and Board members (other than in exceptional circumstances).
- 3.7. **General:** The following requirements set out in the Board Charter apply to the Committee with all necessary modifications:
- a) integrity and ethical behaviour;
 - b) conflicts of interest; and
 - c) confidentiality and security of information
- 3.8. **Employees' access to the Committee Chair:** Public Trust employees have an express right of direct access to the Chair of the Committee in relation to any matters of significant or material concern relating to the purpose and responsibilities of the Committee that have been raised through normal management processes and should have (but have not) been properly advised to the Committee in accordance with normal governance processes.
- 3.9. **Relationship between the Committee and Management:** there is a no surprises policy between management and the Committee.

4. RESPONSIBILITIES OF THE COMMITTEE

- 4.1. **Main responsibilities:** The Committee is responsible for reviewing, approving and making recommendations to the Board in relation to its purpose (as set out in clause 2.1).
- 4.2. **No authority:** The Committee has no authority to make decisions or take actions on behalf of the Board unless specifically mandated by this Charter and Schedule A or authorised by the Board. The Board and Committee recognise that the function of the Committee is not to replace the ultimate decision-making of the full Board.
- 4.3. **Exercise of approval delegation:** The Committee Chair must notify the Board if the Committee exercises an approval authority in Schedule A, at the next Board meeting. Such notification may occur by expressly recording the decision and authority reference in the Committee minutes.
- 4.4. **Delegation to Committee Chair:** The Committee may delegate any of its responsibilities to the Committee Chair from time to time and on such conditions as it considers appropriate.

5. COMMITTEE MEETINGS

- 5.1. **Frequency:** The Committee meets at least four times a year and at such other times as the Committee or the Committee Chair considers appropriate.



- 5.2. **Rights of Board Members:** In relation to any Committee meeting, all Board members are entitled to receive copies of the papers and minutes and attend any meeting without further invitation (unless they are precluded from participation due to a conflict of interest).
 - 5.3. **Management attendance:** The Committee Chair will agree with the Chief Executive which members of management will attend meetings. Standing attendances will include the Chief Executive, the Chief Risk Officer, the Head of Investments and the Chief Financial & Information Officer.
 - 5.4. **Procedures for Committee meetings:** The Committee will follow the same rules of conduct and procedure in relation to meetings as the Board (as set out in the Board Charter and attached as Schedule B) with all necessary modifications, except as referred to below or as otherwise determined by the Board.
 - 5.5. **Quorum:** The quorum for a meeting of the Committee may include the Committee Chair or the Chair of the relevant meeting.
 - 5.6. **Temporary/acting Chair:** If the Committee Chair is absent from a meeting, the members of the Committee who are present at the meeting may choose one of their members to chair that particular meeting.
 - 5.7. **Special meetings:** the procedure in the Board Charter for calling a special meeting applies to the Committee with all necessary modifications.
 - 5.8. **Committee Secretary:** The Committee Chair, following consultation with the Chief Executive, will appoint (and may remove) a person to be the Secretary of the Committee from time to time.
 - 5.9. **Minutes:** The Committee Secretary will take minutes of each meeting, which will be presented for approval at the next normal Committee meeting and then circulated at the next Board meeting.
6. **CHARTER**
- 6.1. **Review of Committee Charter:** This Committee Charter will be reviewed annually by the Committee.



SCHEDULE A: BOARD TO INVESTMENT COMMITTEE DELEGATIONS

No.	Authority	Action	Date authority granted
External Service Providers			
1.1	Approve	Approve the appointment of external investment managers in respect of the Common Fund and the Funds	27.11.15
1.2	Review	Review the performance of third party providers including: investment, fund manager, registry, wrap platform and custodian.	27.11.15
Common Fund and Public Trust Investment Service			
1.3	Approve	Review the investment strategy, SIPO template and implementation of the investment strategy of the Public Trust Investment Service and Common Fund	27.11.15
1.4	Recommend	Recommend external term deposit provider	27.11.15
1.5	Review	Review compliance with investment policies	27.11.15
1.6	Approve	Approve the establishment, adjustment or deletion of limits and counter party limits and the scope of financial instruments (including derivatives) in the Personalised Portfolio Service (PPS) SIPO template	27.11.15
1.7	Approve	Approve the establishment, adjustment or deletion of investment authorities delegated to the Chief Executive and to employees of Public Trust	27.11.15
Risk			
1.8	Approve	Approve investment risk policy including, but not limited to, market, credit, liquidity and foreign currency risk (contained in relevant SIPO template)	27.11.15
1.9	Review	Give assurance of investment risk in accordance with the risk appetite determined by the Board	27.11.15



SCHEDULE B: EXTRACT FROM SCHEDULE 5 OF THE CROWN ENTITIES ACT 2004 (BOARD PROCEDURE FOR STATUTORY ENTITIES (OTHER THAN CORPORATIONS SOLE))

Procedure of board

6 Procedure generally

Except as otherwise provided under this or another Act, the members may regulate their own procedure.

7 Notice of meetings

- (1) The board or the chairperson must appoint the times and places of ordinary meetings of the board, and give notice of those meetings to each member not present when the appointment is made.
- (2) The chairperson or any 2 members (or, if the board consists of only 2 members, either member) may call a special meeting of the board by giving at least 5 working days' notice (or any shorter notice period that all the members agree) of the special meeting, and the business to be transacted at the meeting, to each member for the time being in New Zealand.
- (3) Only the business stated in the notice of special meeting may be transacted at the special meeting.
- (4) Notice of a meeting—
 - (a) must be written, and state the time and place of the meeting; and
 - (b) may be given by post, delivery, or electronic communication; and
 - (c) must be given or sent to each member's current postal or electronic address.
- (5) An irregularity in a notice of a meeting is waived if all members entitled to receive the notice either—
 - (a) attend the meeting without protesting about the irregularity; or
 - (b) do not attend the meeting, but agree before the meeting is held to the waiver of the irregularity.

8 Methods of holding meetings

A meeting of the board may be held—

- (a) by a quorum of the members, being assembled together at the time and place appointed for the meeting; or
- (b) by means of audio, audio and visual, or electronic communication provided that—
 - (i) all of the members who wish to participate in the meeting have access to the technology needed to participate in the meeting; and
 - (ii) a quorum of members can simultaneously communicate with each other throughout the meeting.

9 Quorum

- (1) A quorum for a meeting of the board is the number that is—
 - (a) half the number of members (if the board has an even number of members); or
 - (b) a majority of the members (if the board has an odd number of members).
- (2) If the board has only 2 members, the quorum for a meeting is both members.
- (3) No business may be transacted at a meeting of the board if a quorum is not present.

10 Special provisions for boards with only 1 member available to act

- (1) This section applies while a board has only 1 member who is available (for example, because of a vacancy or because section 66, but not section 68, applies to 1 or more



members).

- (2) The quorum for a meeting of the board is 1.
- (3) The available member—
 - (a) may appoint the times and places of ordinary meetings; and
 - (b) may call a special meeting; and
 - (c) need not send a notice of meeting for those meetings; and
 - (d) may enter into any obligation that, under section 127(2), may be entered into by 2 or more members.

11 Presiding at meetings

- (1) At a meeting of the board, the following person presides:
 - (a) if there is a chairperson and he or she is present and is not interested in the matter, the chairperson; or
 - (b) if there is no chairperson or he or she is not present or is interested in the matter, the deputy chairperson; or
 - (c) in any other case, the temporary deputy chairperson.
- (2) A person referred to in subclause (1)(b) or (c) may exercise all the powers and functions of the chairperson for the purposes of the meeting.

12 Voting at meetings

- (1) Each member has 1 vote.
- (2) In addition to his or her general vote, the chairperson at a meeting has, in the case of an equality of votes, a casting vote.
- (3) A resolution of the board is passed if it is agreed to by all members present without dissent or if a majority of the votes cast on it are in favour of it.
- (4) A member present at a meeting of the board is presumed to have agreed to, and to have voted in favour of, a resolution of the board unless he or she expressly dissents from or votes against the resolution at the meeting.

13 Unanimous written resolutions

- (1) A resolution signed or assented to in writing (whether sent by post, delivery, or electronic communication) by all members who are entitled to vote on the matter is as valid and effectual as if it had been passed at a meeting of the board duly called and constituted.
- (2) The resolution may consist of several documents containing the same resolution, each signed or assented to in writing by 1 or more members.