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# **TOWER AUSTRALIA GROUP LIMITED**

**Board Investment Committee**

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**Committee Charter**

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**Approved by Sub-Committee on 7 May 2009**

BOARD INVESTMENT COMMITTEE CHARTER

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## 1. Introduction

This document sets out the membership, responsibilities, authority and operation of the Board Investment Committee TOWER Australia Group Limited (“GIC”).

## 2. Definitions

Unless the context indicates otherwise, the following definitions apply to this document:

- “Board” means the Board of TOWER Australia Group Limited or TOWER Australia Limited as applicable
- “Chair” means the chair of the Board Investment Committee of TOWER Australia Group Limited Investment Committee
- “Committee” means the Board Investment Committee of TOWER Australia Group Limited Investment Committee
- “Company” means TOWER Australia Group Limited or TOWER Australia Limited as applicable
- “Group” means TOWER Australia Group Limited and its subsidiaries including TOWER Australia Limited
- “Meetings” means the meetings held by the TOWER Australia Group Limited Investment Committee

## 3. Objectives

The primary objectives of the Committee are to:

- Assist the Board to discharge its review and oversight responsibilities in relation to investment activities carried out on behalf of the Group.
- Make recommendations to the Board on investment policy, strategy and investment activities.
- Review and monitor investment policy, strategy and the implementation of investment activities in respect of all investments managed by the Group and report material findings to the Board.

#### 4. Primary Responsibilities

The Committee has responsibility to assist the Board to monitor the investment strategies and processes in place across the Group in relation to the investment activities which the Group carries out on its own behalf and on behalf of policyholders and third parties. As such, the Committee exercises the authority and power delegated to it by the Board.

In particular, the Committee is responsible for:

- reviewing and monitoring investment related policy and strategy in respect of the Group's funds and, where appropriate, monitor compliance with the Company's statutory and regulatory obligations;
- reviewing risk management policy and statements in respect of investment management, including:
  - (i) Derivative risk statements;
  - (ii) Asset Risk appetite management arising from investment activities carried out on behalf of the Group; and
  - (iii) Management of the Group's Compliance objectives in respect of the outsourced Investments carried out by the Group;
- Reviewing risk management strategies in respect of internal investment management;
- Reviewing and monitoring Strategic Asset Allocation policy including investment mandates, allowable investments, policy ranges, benchmarks and risk control limits;
- considering the establishment, adjustment or deletion of limits and counter party approvals and the scope of financial instruments to be used in the management of investments;
- reviewing the appointment and termination of external investment managers and other investment service providers;
- reviewing and monitoring investment performance of key products and fund manager performance;
- monitoring compliance with investment policies and associated governance documents;
- reviewing delegations to investment managers and management;
- receiving and considering significant and/or non-standard investment related transactions; and

- ensuring all investments are being managed in accordance with statutory obligations.
- Recommending for Board approval matters related to all of the above.

The following additional Committee responsibilities apply specifically to the TOWER Australia Limited investment activities:

- review the Company's investment strategy and consider the Company's assets are adequately diversified so as to allow the Company to prudently manage its risks;
- ensure that the Company's investment profile is developed, monitored and reviewed in accordance with the requirements of relevant APRA prudential standards including LPG 260 and Section 48 of the Life Act;
- ensure that the Company's investment strategy is consistent with the financial objectives and business goals of the Group;
- review the Company's strategic direction, objectives and effectiveness of the Company's financial risk management and investment strategies;
- review the types and level of investment of the Company;
- ensure that the appropriate level of liquidity is maintained;
- recommend changes to the Company's investment strategy that the Committee considers necessary;
- consider distributions to be paid to policyholders;

Where the Company has outsourced some, or all, of these responsibilities to external partners, the Committee is responsible for:

- reviewing the Company's outsourced partners performance as specified in any agreements in relation to the provision of agreed services, reporting, adherence to strategic guidelines, adherence to investment instructions and key deliverables;
- reviewing the ongoing suitability of the Company's outsourced partners;
- reviewing any breaches of the agreements with the Company's outsourced partners;  
and
- providing a forum to address issues, concerns or disputes with the Company's outsourced partners.

## 5. Other Responsibilities

The Committee will:

- maintain and encourage open lines of communication with other Board Committees and in particular the Audit, Compliance and Risk Management Committee to ensure that there is a consistency of approach in relation to the identification, monitoring and management of risk across the Group;
- take an active interest in ethical considerations regarding the Group's policies, practices and codes of conduct;
- identify and recommend to the Board and/or Managing Director any special investigations deemed necessary to fulfil any of the Committee's functions, objectives, duties and responsibilities;
- examine any other matters referred to it by the Board; and
- ensure that this Charter appears on the Company's website.

## 6. Access

The Committee shall have unfettered and unlimited access to the Company's executive and senior management.

The Committee may also consult independent experts where it is considered necessary to carry out its duties.

## 7. Membership

### 7.1 Appointment, removal and replacement

The Board may appoint, remove or replace the members of the Committee. This will occur by majority vote of the Board.

## 7.2 Composition

The Committee must:

- consist of a minimum of 3 suitably qualified members; and
- consist of at least two Non-Executive Directors of the Board, the majority of who are assessed by the Board as independent.

## 7.3 Chair

The Chair:

- will be appointed by the Board annually;
- must be an independent Non-Executive Director of the Board;
- must not be the Chair of the Board;
- will submit an annual report to the Board summarising the Committee's activities, findings, recommendations and results for the past year; and
- will report either in writing or verbally material findings and recommendations to the Board after each Committee meeting.

If the Chair is absent from a meeting and no acting Chair has been appointed, the Committee members present at the meeting have authority to elect a Committee member present to be the Chair for that particular meeting.

## 7.4 Term

With the exception of the Chair, Committee members will be appointed for an initial term of 2 years or less.

## 7.5 Fees

Committee members are entitled to receive remuneration as determined from time to time by the Board.

## **7.6 Performance review**

The Chair will, in conjunction with the chair of the Board, review the performance of each Committee member annually.

## **8. Secretary**

### **8.1 Identity**

The Secretary to the Board will also act as the Secretary to the Committee.

### **8.2 Duties**

The Secretary is responsible for:

- circulating the meeting agenda and supporting material to all Committee members and any other person advised by the Chair;
- preparing and circulating the minutes of each Committee meeting; and
- other usual company secretarial duties.

## **9. Meetings**

### **9.1 Frequency of meetings**

The Committee must meet at least 4 times per year.

The Chair can call a meeting at any time.

### **9.2 Attendance by Committee members**

Committee members may attend meetings in person or by electronic means.

### **9.3 Quorum**

The quorum of any Committee meeting is at least 2 Committee members.

### **9.4 Attendance by non-Committee members**

- Non-Committee members may be invited to attend a meeting at any time on the invitation of the Chair.
- The following persons will attend meetings at the invitation of the Committee to represent management (but will not sit on the Committee):
  - Managing Director;
  - Chief Financial Officer;
  - Chief Executive Officer Investments;
  - Head of Corporate Governance;
  - Appointed Actuary; and
  - Company Secretary.
- Non-Committee members do not have the right to vote and may be asked to withdraw for all or part of any meeting.
- Any Director of the Board can attend a meeting (on a non-remunerated basis) by providing reasonable notice to the Chair of the Committee.