

CBL Corporation Limited

Investment and Treasury Committee Charter

28 June 2016

Investment and Treasury Committee Charter

This Charter was approved by the Board on 28 June 2016.

1. Objective

- 1.1 The Investment and Treasury Committee (the **Committee**) is appointed by the Board of the Group (CBL Corporation Limited and its subsidiaries) to assist the Board in performing its oversight responsibilities. The Committee will oversee the investment and treasury management processes to ensure the integrity, transparency and adequacy of the Group's investments, balance sheet management and treasury risk management in accordance with Group Investment and Treasury policies.
- 1.2 The objectives of the Investment and Treasury Committee are to assist the Board in fulfilling its responsibilities and includes, among other things:
 - (a) promote a culture of prudent and conservative investment and balance sheet management and management of treasury risks;
 - (b) provide a forum for communication between the Board and Senior Management in relation to investments and treasury matters affecting the Group; and
 - (c) review and comment on Senior Management's plans for managing the investment assets, balance sheet and treasury risks faced by the Group.
- 1.3 The Committee will also review and satisfy itself as to:
 - (a) the integrity and effectiveness of the investment and treasury policies, ensuring they are consistent with:
 - (i) the strategies and business objectives of the Group;
 - (ii) the Group's capital and solvency strategy and plans;
 - (b) the effectiveness of the Group's internal control, systems and processes to ensure effective management of investments and treasury risks;
- 1.4 In performing its duties, the Committee will maintain effective working relationships with the Board, management, and external and internal auditors. To perform their role effectively, each Committee member must develop and maintain their skills and knowledge, including an understanding of the Committee's responsibilities and of the Group's business, operations and risks.

2. **Authority**

- 2.1 The Board authorises the Committee, within the scope of its role and responsibilities, to:
- (a) perform its activities in accordance with this Charter (having regard to the Investments and Treasury Management Policies);
 - (b) have unrestricted access to members of management, employees and relevant information;
 - (c) discuss any matters with the internal auditor, external auditor, or other external parties (subject to confidentiality considerations);
 - (d) request the attendance of any employee, including the Group's Managing Director, at Committee meetings as appropriate;
 - (e) obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Group's expense;
 - (f) review and approve the investment and treasury policies at least once each financial year, and recommend policy changes to the Board for approval;
 - (g) review and approve aggregation and concentration limits in terms of counterparties, geographies, asset class, and individual securities, where those concentrations are not dealt with by a specific policy;
 - (h) approve individual investment transactions on behalf of the Group outside approved CFO/Treasury limits, and seek full Board approval where individual investment transactions would otherwise fall outside approved Group policies and limits;
 - (i) recommend the appointment of external investment managers, advisors, custodians and any other such parties necessary to facilitate investments and treasury activities;
 - (j) approve the fees and fee structures of external investment managers, advisors, custodians and any other such parties, as recommended by senior management;
 - (k) review the performance of investment portfolios, investment managers and advisors; and
 - (l) report to the Board on all material non-operational investment and treasury matters.

3. **Composition and Tenure**

- 3.1 The Board will nominate the Committee members and the Chair of the Committee.
- 3.2 The Committee will consist of at least three members, of whom at least two will be non-executive Directors, with at least one 'independent' Director, one of whom will act in the role of Chair of the Committee.
- 3.3 The CFO will be a member of the Committee.
- 3.4 The Managing Director will not be a member of the Committee but will be invited to attend all meetings of the Committee. The other Directors will not be members of the Committee, but may attend meetings as observers.
- 3.5 Each member of the Committee should have the skills and experience appropriate to the Group's business. At least one member must have investments and treasury expertise.
- 3.6 Membership of the Committee will be reviewed annually by the Board. The Board may add, remove and/or replace any member of the Committee at any time.
- 3.7 The Group will disclose on its website, the Charter of the Committee and in each annual report, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.
- 3.8 The secretary of the Committee will be appointed by the Board (**Secretary**).

4. **Meetings**

- 4.1 A quorum of any meeting will consist of a majority of Committee members, meaning at least half of the total number of Committee members must be present at the meeting.
- 4.2 All Board members are entitled to attend meetings. The Committee may invite other people (such as the Group Financial Controller, the Financial Controller and the Quality Assurance Manager) to attend meetings as the Committee considers necessary.
- 4.3 Investment Managers, Bankers and other professional advisors shall be invited to make presentations to the Committee as and when appropriate.
- 4.4 Meetings will be held at least 4 times a year (quarterly), and should correspond with the Group's financial reporting cycle. Special meetings may be convened as required. The Secretary will convene a meeting on request by the external or internal auditor.
- 4.5 The Secretary will circulate the agenda and supporting documents to Committee members within a reasonable time before each meeting. The Secretary will also circulate the minutes of meetings to the Board, members of the Committee, and the external auditor where appropriate.
- 4.6 Members of the Committee are expected to attend every meeting of the Committee.
- 4.7 Meetings can be held in person, by telephone, or by video conference.

5. Role and Responsibilities

- 5.1 The Investment and Treasury Committee does not remove from the full Board any of its responsibilities and legal obligations. Rather it is a committee established to assist the Board in the conduct of its responsibilities and will report back to the full Board on all material matters and issues requiring decisions in principle.
- 5.2 The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities.

Asset/Liability Management

- 5.3 The Committee's responsibilities are to:
- (a) monitor concentration risk, duration risk and interest rate risk and the matching of assets and liabilities for each operating subsidiary.

Prudent Management of Investments

- 5.4 The Committee's responsibilities are to:
- (a) set the Group's overall investment management strategy including approved asset classes, asset concentration and liquidity limits and ensure that the strategy is consistent with the Group's business strategy, risk appetite and group structure;
 - (b) see that management has in place and is implementing an effective investments policy;
 - (c) oversee tax and regulatory implications of investment management strategy
 - (d) review and approve appropriate risk and return benchmarks for each asset class and investment portfolio;
 - (e) oversee investments performance against approved risk and return benchmarks and limits including liquidity, volatility and asset concentration risk;
 - (f) review and recommend mandate and appointment of any Investment Manager for full Board approval including their fee structure and any performance incentives;
 - (g) monitor performance of any external Investment Manager, consultant and outsourcing arrangements including the adequacy of reporting and performance against benchmarks and agreed KPI's; and
 - (h) commission periodic reviews of investment management mandates and outsourcing agreements.

Treasury Risk Management

- 5.5 The Committee's responsibilities are to:
- (a) see that management has in place and is implementing an effective treasury management policy that effectively minimises and manages treasury risk;

- (b) see that the Group is operating within its banking and debt covenants (if any), and manages and monitors any exceptions (and the applicable consenting process); and
- (c) see that the Group has appropriate processes and systems for identifying, assessing and managing all treasury risks in a manner consistent with the organisation's risk appetite, and ensure that management regularly monitor and report on all material aspects to the Committee;
- (d) understand the internal control systems implemented by management for the approval of transactions (including derivatives and other hedging instruments if any);
- (e) review and evaluate the effectiveness of the Group's treasury risk management framework and reporting including management of interest rate risk, foreign exchange risk, liquidity risk, credit and counterparty risks and derivatives risk at least annually to satisfy itself that it continues to be sound and provide a summary of that evaluation to the Board.

6. Reporting

- 6.1 The Committee will regularly update the Board on its operation and activities during the year and make appropriate recommendations. The Committee will ensure the Board is aware of matters that may significantly affect the financial condition or affairs of the Group.
- 6.2 The Committee will ensure any reports and/or disclosures required by law or regulations including the NZX and ASX Listing Rules, be provided and, where required, reported in the annual report.

7. Administrative arrangements

Conflicts of interest

- 7.1 Once a year, Committee members will provide written declarations to the Chair of the Board stating that they do not have any conflicts of interest that would preclude them from being members of the Committee.
- 7.2 Committee members must in addition declare any conflicts of interest at the start of each Committee meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately recorded in the minutes.
- 7.3 Where any member is deemed to have a real, or perceived, conflict of interest at a Committee meeting, it may be appropriate that they are excused from Committee deliberations on the issue where the conflict of interest exists.

Induction

- 7.4 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Assessment Arrangements and Review of Charter

- 7.5 At least once a year, the Committee will evaluate its own performance and that of individual members against this Charter, as well as the appropriateness of the Charter itself, and the Committee will report the findings to the Board.
- 7.6 Any substantive changes to the Charter will be recommended by the Committee and formally approved by the Board.

Last updated 28 June 2016