

# ENDOWMENT FUND COMMITTEE CHARTER

## COMPOSITION

The Endowment Fund Committee (the “Fund Committee”) is a sub-committee of the Board of Directors (the “Board”) of The Smith Family. It comprises the members of the Finance, Audit and Risk Committee, and the Chief Executive Officer. In addition, the Board may approve the appointment of an additional non-executive Director, and/or an external party with appropriate expertise. Members are appointed for such terms as the Board may determine. Each member is expected to have a high level of financial literacy.

The Chief Financial Officer and the Company Secretary also attend the Fund Committee’s meetings. Other relevant management together with external parties who are not Directors, but whose expertise or input is relevant to the operation of the Committee, may attend by invitation. Non-executive Directors who are not members of the Fund Committee are entitled to attend meetings and have access to committee papers and minutes at their discretion. None of these attendees has voting rights.

The Chairperson is a non-executive Director other than the Chairman of the Board, and the quorum for holding a meeting of the Committee is two non-executive Directors.

Members are appointed by the Board of Directors, and the performance of the Committee is reviewed by the Board as part of its periodic self-evaluation process.

The Committee generally meets three times per annum, but frequency may vary according to need. Members are expected to attend either in person or through other approved means such as teleconferencing. Proxy attendees are not permitted.

## ROLE

The primary responsibility of the Fund Committee is to assist the Board in its governance role by setting the standards for, and monitoring:

- i) the management of the Endowment Fund (“the Fund”) corpus (“the corpus”); and
- ii) the operation of the Fund.

The responsibilities of the Fund Committee in relation to management of the corpus include:

- making recommendations to the Board regarding the investment strategy and mandate for the corpus;
- making recommendations to the Board for the appointment of an investment manager;
- reviewing the management and performance of the corpus investments; and
- reporting to the Board on compliance with statutory and regulatory requirements.

The responsibilities of the Fund Committee in relation to operation of the Fund include:

- reviewing operational policies related to the Fund;
- monitoring the use of the corpus and its investments in accordance with the strategy and objectives of the Fund and the purposes set out by contributors;
- reviewing and reporting to the Board on the quality of reporting and compliance with statutory and regulatory requirements, codes of conduct and reasonable community expectations; and
- reviewing audit reports related to the Fund.

## REPORTING

The Fund Committee is accountable to the Board. The Chairperson of the Fund Committee reports to the Board Meeting following a meeting of the Committee on the matters discussed and

makes any recommendations to the Board which have been agreed by the Committee. Detailed minutes are recorded for each meeting and are available to the Board for review as required.

The Fund Committee does not have the authority to commit the Board or management to the implementation of any of its recommendations except where such authority is specifically delegated to it by the Board.

## **OPERATING PROCEDURES**

In discharging its responsibilities the Fund Committee meets on a regular basis to consider various matters.

### *A. Investment management*

1. The Fund Committee receives recommendations from management and, where applicable, external advisers on the investment strategy and performance benchmarks for the corpus and considers changes to the strategy for recommendation to the Board.

The Committee receives reports from management and, where applicable, external advisers on the implementation of the Company's investment policy and strategy.

Where applicable, the Committee assesses external investment managers for recommendation to the Board regarding appointment and terms of agreement.

### *B. Operations*

1. The Fund Committee reviews policies as they relate to the operations of the Fund from time to time and recommends acceptance or changes to the Board in line with legislative requirements and business needs. In so doing it may draw upon expert external assistance where necessary.
2. The Committee receives reports from management on use of the corpus and its investments in accordance with the strategy and objectives of the Fund and the purposes set out by contributors.
3. In circumstances as set out below, the Committee receives recommendations from management and, where applicable, external advisers on changes to use of the corpus and its investments that could be considered contrary to the strategy and objectives of the Fund and/or the purposes set out by contributors. The Committee considers changes to the use of the corpus and its investments for recommendation to the Board.

The circumstances that could give rise to such a recommendation include, but are not limited to:

- if the purposes set out by contributors were no longer aligned with the mission or activities of The Smith Family;
  - if the purposes set out by contributors could give rise to material risk to The Smith Family's reputation and/or financial position; and
  - if there was a probability of The Smith Family becoming insolvent without use of the corpus and/or its investments.
4. The Committee meets at least once annually with Management and the external auditors to consider the report of the external auditors in relation to the Fund and the response prepared by management to any issues which may have been raised

### *C. Other Matters*

The Board may require the Committee to examine specific issues which are outside its normal terms of reference. The Committee may also identify specific issues and recommend to the Board that it be authorised to consider them.