



Investments Management Committee Charter

1. Purpose

- 1.1. There shall be a standing committee of the General Council to be known as the Investments Management Committee (the "IMC").
- 1.2. The IMC is established to assist the GC in fulfilling its responsibilities concerning all divestments and investments-related matters, including policy, strategy, execution and performance.
- 1.3. The IMC has an advisory, coordinating and preparatory role. It acts as a hub and centre point for the work of the Fund in the field of investment management. It enables, coordinates and monitors the work but does not substitute for the responsibilities of the Fund's two governing bodies. It provides advice to both without assuming any operational or individual investment selection responsibilities.
- 1.4. The main tasks of the IMC are:
 - i. review the Fund's Investment Strategy, investment policies and procedures, and make recommendations and propose updates to GC.
 - ii. coordinate the monitoring of market developments, procure and oversee the preparation of background analysis on possible investments management options, and to suggest actions to the governing bodies for eventual GC decision (including advice on the timing of activities)
 - iii. review investment actions proposed by HFSF management prior to their submission to GC.
 - iv. oversee the operationalisation of the management options preferred by the GC (i.e. how general principles can be translated into coordinated actions) for the Fund's investments, support management regarding investments management activities, and oversee (on the GC request) the acquisition and disposition of investment assets, monitor the performance of the Fund's portfolio.
 - v. oversee the systems and processes in place that support good governance of individual projects that have been assigned to it by the GC.

2. Authority and Responsibilities

- 2.1. The IMC has the responsibility to oversee on behalf of the GC the investments management strategies and key investment policies used by HFSF in managing its investments.
- 2.2. In carrying out its duties, the IMC shall have the following authority and responsibilities to:
 - i. implement the investments philosophy described in the Fund's Investment Strategy
 - ii. ensure that the investments approach is appropriate to meet desired investments outcomes
 - iii. review and consider changes for approval by the GC to the Fund's Investment Strategy and key investments policy matters, including any material changes to the investments processes with sufficient frequency (not less than quarterly)
 - iv. review annual investments budget and managing plans before presentation to the GC
 - v. proactively make recommendations to the GC on specific investments managing actions providing analysis and range of available options. This preparatory work, in support of GC decisions, should be consistent with the Fund's Investment Strategy while being tailored to individual bank specificities and would include:



- an assessment of the pros and cons of different options
 - an elaboration of the operational/legal considerations of alternative choices
 - in-depth analysis of the operational modalities of options favoured by the GC
 - the ongoing collection of market information (taking the “pulse of the market” and assessing the key drivers of execution success)
 - the coordination of the Fund’s efforts to gauge potential investors’ interest
- vi. prepare the groundwork and advises the GC on the participation in security offerings by banks (subject to law amendment). This advice includes an assessment of their compatibility with the Fund’s legislative framework and the Investment Strategy, as well as a description of the operational aspects.
 - vii. prepare the groundwork and advises the GC on the form of possible secondary market disposals of holdings. This includes, the regular monitoring of market conditions, the assessment of consistency with the Fund’s Investment Strategy, the preparation of operational aspects of such transactions, and advice (at short notice) on the timing of such trade.
 - viii. assess and monitor the main drivers of returns as per the Fund’s Investment Strategy whilst ensuring that the portfolio is managed in line with GC guidelines and policies.
 - ix. monitor the execution and the management of investments by reviewing written reports and post-completion reviews, as well as holding discussions with the competent officers of the Fund as necessary.
 - x. evaluate and periodically report to GC investments performance based on comparing actual returns with expectations and the long-term performance objectives, and with other benchmarks, as per the risk management policy. The evaluation will take into account compliance with Fund’s Investment Strategy, investment policies and HFSF’s risk management policy.
 - xi. report monthly to the GC regarding its actions and make recommendations as appropriate
 - xii. request the advice and assistance of HFSF staff and/or outside advisors as it deems necessary to fulfil its duties and responsibilities under this Charter.
- 2.3. In addition, the IMC shall examine any other matters relating to managing Fund’s investments that it considers appropriate for GC consideration or that is asked to review by the GC.
 - 2.4. The IMC has no executive powers neither direct procurement rights (these remain with the relevant bodies of the Fund), but in carrying out its duties, the IMC shall be provided with the resources necessary and have the authority to discuss directly with competent business units’ representatives, internal auditors, advisors or consultants any issue within its remit and to request reports, explanations and information on any of the investments management activities or procedures. Through the EB, the IMC will have access to all pertinent documents and the employees for assigning tasks and make requests.

3. Composition and Governance

- 3.1. The IMC has a mixed membership, including representatives from the EB and the GC, to provide balance and facilitate work. The participation of EB members in the IMC aims to improve the flow of information and strengthen the coordination of efforts in investment management.
- 3.2. The IMC shall be composed of three members. Two of the members, including the Chairperson (the “Chair”), shall be independent non-executive members of the GC appointed by the GC, which also designates the Chair annually. The EB decides to designate one of its members as the third IMC member.
- 3.3. The Chair represents the IMC and convenes its meetings



- 3.4. Each IMC member shall be appointed annually and serve for such term or terms as the GC may determine or until their earlier resignation. The terms should be staggered to prevent complete member turnover at once. The GC may remove or replace any IMC member (in the case of the EB member, to ask from EB to appoint a replacement) at any time with or without cause and without notice.
- 3.5. If the GC Chairman or the CEO are not members of the IMC, they may attend IMC meetings without the right to vote
- 3.6. When the Chair judges that it is appropriate, they may invite business units' representatives or any other individual to attend meetings in order to contribute to the deliberations of the IMC.
- 3.7. The IMC may form working groups to engage on specific projects or oversee transactions (with the approval of GC) and delegate tasks to HFSF staff, when appropriate, while remaining accountable for the outcome
- 3.8. The IMC reports and is accountable to the GC. Its activities are also subject to oversight by the Audit Committee, as all other HFSF activities
- 3.9. The projects and activities initiated and overseen by the IMC are part of the regular operations of the HFSF, and as such, the EB is understood to be continuously informed by and engaged through its representative(s) on the IMC

4. Meeting Schedule and Process

- 4.1. The IMC shall meet monthly but may have additional meetings as often as it determines necessary to fulfil its responsibilities
- 4.2. All IMC members are expected to attend each meeting, in person or via tele- or video- conference by means of which all persons participating in the meeting can hear each other.
- 4.3. A majority of the IMC members shall constitute a quorum for the transaction of business at all meetings of the IMC, and the affirmative vote of a majority of the IMC members, constituting that quorum, will be required for IMC action on any voting matter. In the event of a tie, the vote of the Chair of the meeting shall prevail. The IMC also may take action by the majority written consent of its members
- 4.4. The IMC shall report at least monthly to the GC regarding its actions and make recommendations as appropriate. It shall submit to the GC the minutes of its meetings on a regular basis.
- 4.5. The Chair may call meetings and shall preside at each meeting of the IMC and, in consultation with other IMC members, determine the frequency and length of the meetings and set agendas for the meetings. In the absence of the Chair, a meeting can be called by the two other members and the IMC members present at a meeting shall appoint a Chair among them to preside at the meeting.
- 4.6. Minutes of all meetings shall be kept. The minute book may be maintained in electronic form and in the English language. The minutes are approved during the next meeting and are signed by the Chair and the Secretary. The signatures of all the IMC members are replaced by email exchange or other electronic means
- 4.7. Two working days' notice of meetings and the business to be conducted along with appropriate briefing materials shall be provided to the members of the IMC in advance
- 4.8. The Secretary, in conjunction with the Chair, will be responsible for preparing the agenda and distributing the supporting material to the IMC members at least two days before each meeting. The Secretary will also be responsible for keeping the minutes of the IMC and circulating these to IMC members, other interested parties and provide copies to the GC for the official record. The Secretary may be supported in these duties by other management personnel.
- 4.9. The Secretary of the IMC shall be appointed by the GC.
- 4.10. IMC members must declare their interest, whether perceived, pecuniary, or otherwise, in the exercise of their duties



5. Expenses and Compensation

- 5.1. The compensation of the IMC members for their service shall be determined by the Selection Panel following an GC proposal, in accordance with the related regulatory framework and best practices.
- 5.2. The compensation of the IMC Secretary shall be defined by the GC following an IMC proposal, in accordance with the regulatory framework and best practices.
- 5.3. The Fund shall reimburse the travel, accommodation and any other related expenses to enable the IMC member and invitees to attend the meetings and participate in the IMC activities. Payments shall be processed in line with the procedures set out in the travelling and expenses policy.

6. Review of the IMC and the Charter

- 6.1. The IMC shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the evaluation results to the GC.
- 6.2. This Charter shall be reviewed biennially or more frequently if required by the IMC and recommend any changes to this Charter deems appropriate to the GC
- 6.3. Such objectives, responsibilities and the Charter's adequacy shall also be reviewed by the GC and any other person the GC considers appropriate
- 6.4. The IMC shall conduct such evaluations and reviews in such manner as it deems appropriate.
- 6.5. This Charter may be amended by a majority vote of the GC. Recommendations for changes submitted for GC approval should be accompanied by inputs from competent officers of the HFSF.
- 6.6. This Charter shall be implemented and complied with by the Fund starting from the date the GC approves it. This Charter shall be published and made available to the stakeholder and the public on the Fund's website after GC approval.

Reviewed and Approved by the GC on 14 September 2021