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## Hellenic Financial Stability Fund

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# INVESTMENTS MANAGEMENT COMMITTEE (IMC) CHARTER

EFFECTIVE DATE: 19.09.22  
NEXT REVIEW DATE: 09.24

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### Executive Summary

This Charter is a guiding document that outlines the specific purpose, authority, composition and procedures of the IMC operations.

### Document Characteristics

Version	Approval Date	Approval Body	Owner	Comments
1.0	14.09.2021	GC	IMC	First issuance
2.0	19.09.2012	BoD	IMC	Revision due to law change



## 1. Purpose

- 1.1. There shall be a standing committee of the Board of Directors (BoD) to be known as the Investments Management Committee (the “IMC”).
- 1.2. The IMC is established to assist the BoD in fulfilling its responsibilities concerning all divestments and investments-related matters as provided in the HFSF Law, 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 Fund’s work in investment management. It enables, coordinates and monitors the work but does not substitute for the responsibilities of the Fund’s BoD. It provides advice without assuming any operational or individual investment selection responsibilities.
- 1.4. The main tasks of the IMC are, in coordination with the Divestment Strategy Advisor (as defined under the HFSF Law) to:
  - i. review the report of the implementation of the Divestment Strategy and its updates, before the BoD approval
  - ii. safeguard that the proposed divestment shall adhere to the principles defined in the HFSF law, before the BoD approval
  - iii. coordinate the monitoring of market developments, procure and oversee the preparation of background analysis on possible investment management options, and suggest actions to the governing body for eventual BoD decision (including advice on the timing of activities)
  - iv. review any investment actions proposed by executive members of the BoD before their submission to BoD.
  - v. oversee the operationalisation of the management options preferred by the BoD (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 BoD’s request) the acquisition and disposition of investment assets, monitor the performance of the Fund’s portfolio.
  - vi. oversee the systems and processes in place that support good governance of individual projects that have been assigned to it by the BoD.

## 2. Authority and Responsibilities

- 2.1. Notwithstanding the BoD’s authority over the HFSF divestment, the IMC is authorized by the BoD to oversee, in cooperation with the Divestment Strategy Advisor, 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 responsibilities to:
  - i. ascertain together with the Disposal Advisors (as defined in the HFSF Law) the implementation of the investments philosophy described in the Fund’s Divestment Strategy
  - ii. ensure that the investments approach is appropriate to meet desired investments outcomes
  - iii. review transactions that may significantly affect the participation of the Fund in the share capital of the credit institutions
  - iv. review and consider changes for approval by the BoD to the Fund’s Divestment Strategy and key investments policy matters, including any material changes to the investments processes with sufficient frequency (not less than quarterly) and cooperate to this effect with the Divestment Strategy Advisor.
  - v. liaise and collaborate with any Disposal advisors appointed by the HFSF in the context of the Fund’s Divestment Strategy and related process.



- vi. review HFSF annual investments related budget and managing plans before presentation to the BoD.
  - vii. proactively make recommendations to the BoD on specific investments managing actions providing analysis and a range of available options. This preparatory work, in support of BoD decisions, should be consistent with the Fund's Divestment Strategy while being tailored to individual bank specificities and would include:
    - o an assessment of the pros and cons of different options
    - o an elaboration of the operational considerations of alternative choices
    - o in-depth analysis of the operational modalities of options favoured by the BoD
    - o the ongoing collection of market information (taking the "pulse of the market" and assessing the key drivers of execution success)
    - o the coordination of the Fund's efforts to gauge potential investors' interest
  - viii. prepare the groundwork and advises the BoD on the participation in security offerings by banks. This advice includes an assessment of their compatibility with the Fund's legislative framework and the Divestment Strategy, as well as a description of the operational aspects.
  - ix. prepare the groundwork and advise the BoD 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 Divestment Strategy, the interaction with external advisors, the preparation of operational aspects of such transactions, and advice (at short notice) on the timing and the price of such trade.
  - x. review potential offers and any other term, by the interested investors, and suggest the assessment criteria applicable to each process.
  - xi. assess and monitor the main drivers of returns as per the Fund's Divestment Strategy whilst ensuring that the portfolio is managed in line with BoD guidelines and policies.
  - xii. consult and hold discussions, as the case may be, with the HFSF external advisors as well as with the competent officers of the Fund as necessary on the execution and the management of investments by reviewing written reports and post-completion reviews.
  - xiii. contribute to the production of periodical reports on the implementation of the Fund's Divestment Strategy before they are submitted to BoD. The Divestment Strategy's evaluation should consider investment performance based on comparing actual returns with expectations, long-term performance objectives, and other benchmarks per the investment and risk management policies.
  - xiv. report monthly to the BoD regarding its actions and make recommendations as appropriate.
  - xv. 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 deems appropriate for BoD consideration or that are asked to review by the BoD.
- 2.4. The IMC has no executive powers nor 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 HFSF's divisions' representatives, internal auditors, external advisors or consultants any issue within its remit as well as to request reports, explanations and information on any of the investment management activities or procedures. Through the Executive members of the BoD, the IMC will access all pertinent documents and the employees for assigning tasks and making requests.
- 2.5. With the ex ante authorization of the BoD, the IMC can be involved in the early/exploratory stages of potential divestment interest before the matter reaches the BoD.



### 3. Composition and Governance

- 3.1. The IMC shall be composed of two (2) independent non-executive members of BoD, one of which will be the IMC Chair, designated annually by the BoD, the CEO and the executive member of the BoD that the CEO might choose to nominate.
- 3.2. The Chair represents the IMC and convenes its meetings.
- 3.3. Each IMC non-executive member shall be appointed annually and serve for such term or terms as the BoD may determine or until their earlier resignation or dismissal. The terms should be staggered to prevent complete member turnover at once. The BoD may remove or replace any IMC member at any time with or without cause and without notice.
- 3.4. If the BoD Chairperson is not a member of the IMC, s/he may attend IMC meetings without the right to vote.
- 3.5. Following IMC Decision, the Chief Investment Officer and the Chief Legal Counsel are appointed "Technical Counselors" to the IMC.
- 3.6. When the Chair judges that it is appropriate, they may invite HFSF's divisions' representatives or any other individual to attend meetings in order to contribute to the deliberations of the IMC.
- 3.7. The IMC may propose forming working groups to engage on specific projects or oversee transactions (with the approval of BoD) and, through its executive members, delegate tasks to HFSF staff, when appropriate, while remaining accountable for the outcome.
- 3.8. The IMC reports and is accountable to the BoD. Its activities are also subject to oversight by the Audit Committee, as all other HFSF activities.

### 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. Three 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 meeting Chair's vote 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 BoD regarding its actions and make recommendations as appropriate.
- 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 other IMC members. 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 may be replaced by email exchange or other electronic means
- 4.7. 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. In case of not ordinary/scheduled meetings: (i) every effort is taken to notify all members, (ii) there is a quorum and (iii) all present members consent to proceed with the discussion of the issues raised in the meeting and the supporting material (except in case of duly substantiated unavailability).



- 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 archived by the Corporate Secretary of BoD 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 CEO.
- 4.10. IMC members must declare any conflict of 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 a BoD proposal, in accordance with the related regulatory framework and best practices.
- 5.2. The compensation of the IMC Secretary shall be defined by the CEO following an IMC proposal in accordance with the regulatory framework and best practices.
- 5.3. The Fund shall reimburse the travel, accommodation and other related expenses to enable the IMC member and invitees to attend the meetings and participate in the IMC activities. Payments shall be processed per 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 present the evaluation results to the BoD.
- 6.2. This Charter shall be reviewed biennially or more frequently if required by the IMC and recommend any changes to this Charter deemed appropriate to the BoD
- 6.3. Such objectives, responsibilities and the Charter's adequacy shall also be reviewed by the BoD and any other person the BoD considers appropriate
- 6.4. The IMC shall conduct such evaluations and reviews in such a manner as it deems appropriate.
- 6.5. This Charter may be amended by a majority vote of the BoD. Recommendations for changes submitted for BoD approval should be accompanied by inputs from competent officers of the HFSF.
- 6.6. This Charter shall be effective as of its date of approval by the BoD
- 6.7. The IMC Charter, following a decision of the BoD, shall be uploaded to the Fund's website.

Reviewed and Approved by the BoD on 19 September 2022