



POLICY & RESOURCES COMMITTEE STATES INVESTMENT BOARD

TERMS OF REFERENCE

1. Overview

The Policy & Resources Committee (the Committee) has a wide mandate in that it has delegated political responsibility for advising the States and developing and implementing policies and programmes relating to the fiscal policy, economic affairs, and the financial and other affairs of the States. This has also included oversight of a significant proportion of States' controlled investments. In March 2021 the mandate was widened further to include all States' investment Funds, and responsibility for appointing an independent sub-committee to oversee the management of such Funds, in line with the States' Permitted Investment Rules. The States Investment Board (SIB) was created to carry out that role.

2. Constitution

The SIB shall be established by the Committee as a Sub-Committee which will undertake its investment and governance duties, as defined under these Terms of Reference. It will report to the Committee as set out below and endeavour to manage the investment funds in order to afford them the best chance of achieving the objectives set by the Committee. Appendix one shows the SIB within the wider investment structure.

3. Authority

The Board is empowered by the Committee to discharge its functions as specified in this document. To achieve this the Board shall:

1. Have the right to seek and be provided with the necessary information to fulfil its duties; and
2. Have the right to seek professional advice necessary to fulfil its duties, with the reasonable cost of such advice being met by the underlying funds directly or otherwise by the States as directed by the Committee.

4. Membership

The Board shall comprise:

1. An Independent Chairman;
2. Two independent Members; and
3. The States Treasurer.

The Committee will appoint the Chairman and independent Members for terms of up to 4 years. Members may be re-appointed for a second consecutive term after a formal review has been

undertaken, but then must stand down for at least one term before being eligible for further appointment. Appointments will be made in line with the States' Human Resources practice.

The States of Guernsey has agreed that a remuneration allowance equivalent to that paid to Non-States Members of the Trading Supervisory Board be made available to all external Members. The Committee will keep this under review.

The States Treasurer will be appointed to the Board for the period they hold the role. The States Treasurer may delegate this function, on an ad-hoc basis or for a specified term, to a senior Treasury officer.

The States Treasury will provide a Secretary at all meetings.

5. Frequency of Meetings

Board meetings will normally be held monthly, but not less than eight times per year. Ad-hoc meetings may be called where necessary. Meeting times should be flexibly coordinated to suit Members' circumstances wherever possible. A meeting of the Board may be called by the Secretary at the request of any Member.

6. Meeting Attendance

Board Members and the appointed Secretary will receive an invitation to attend all meetings. However, Treasury Officers and external advisors may be invited to attend for all or part of any meeting as and when appropriate.

The Board will issue a standing invitation to the Committee for a Member to attend in an observatory capacity.

7. Format of Meetings

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Member of the Board and any other person required to attend, preferably five working days prior to the appointed day for the meeting. Supporting papers shall be sent to Members and to other attendees as appropriate, at the same time.

Board meetings will be conducted subject to the following;

- The quorum for Board meetings shall be three of the four Members.
- In the absence of the Chairman, he/she may propose a proxy from the membership, or the remaining members present may elect one of themselves to chair a meeting.
- In the absence of the Treasurer they may propose a delegate to act in their place who will be a Senior Officer of the States.
- The Chairman shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and ensure they are recorded accordingly.
- The Secretary will minute the proceedings and decision of all meetings.
- Minutes of the Board meetings shall be circulated to all Members of the Board and to the Committee if requested.
- Meetings may be conducted in person, via telephone, or electronically.

8. Main Duties & Responsibilities

The Board will perform the following functions:

- Supporting the Committee in setting objectives for each of the Funds.
- Formulating appropriate investment strategies for each of the Funds, taking account of the agreed objectives and the nature of the underlying stakeholders.
- Monitoring investment strategies throughout the year, on a continuous basis, in order to assess progress toward meeting the stated objectives.
- Appointing investment consultants or other expert resources, where necessary, to support decision making.
- Reviewing the performance of advisors annually and undertake a wider market at the end of the contract period.
- Appointing and dismissing investment managers in order to implement the investment strategies. Adequate due diligence and manager research should be carried out in order to ensure the selection of superior managers
- Ensuring manager and portfolio fees are competitive.
- Presenting the Committee with an annual report outlining the past year's investment performance and positioning of the portfolios. This will include an assessment of the outcomes relative to the agreed investment objectives set within the context of the market environment. It will also set out proposals for the future investment strategy for approval by the Committee.
- Reviewing the performance of managers regularly, through presentations where necessary.
- Developing strong governance procedures and ensuring the efficient management of the Funds.
- Maintaining and updating the Committee's Investment Governance document to ensure it reflects best practise.

Appendix one.

The States set the permitted investment rules specifying eligible investments

The Committee sets investment objectives in line with the Rules and monitors performance through an Annual Investment Report

The Board, appointed by the Committee, deliver the investment strategies to achieve the agreed objectives

Treasury provides all day-to-day management and administration

Independent consultants provide expert research & advice to the Board

Best managers employed across all Funds invested

