

2A (ii) INVESTMENT ADVISORY COMMITTEE

1. Introduction

This annexure describes arrangements specific to the Investment Advisory Committee (IAC) and should be read in conjunction with the Standing Committee Charter above.

The IAC is established to assist the Board in fulfilling its responsibilities, by reviewing:

- a. SLSNSW's investment strategy and investment reporting;
- b. The performance and independence of internal and external investment management;
- c. The appointment and removal of investment managers and financial advisors;
- d. SLSNSW Group's investment process; and
- e. Other tasks that may be agreed with the Board from time to time.

The functions of the IAC do not relieve the Board of any of their responsibilities under law.

2. Composition

The IAC comprises seven (7) members:

- a. Two (2) SLSNSW Directors
- b. One (1) SLSS Director
- c. One (1) FACC member who is not otherwise a SLSNSW or SLSS Director
- d. Three (3) independent members who do not otherwise sit on the SLSNSW or SLSS Board or SLSNSW State Council
- e. The CEO and CFO as ex-officio members

The independent members should be independent of management, free of any relationship which might impair the exercise of their independent judgment and possessed of the financial skills and business acumen which will allow them to be effective in their role.

The Chair shall be appointed by the Board and will be a member of the FACC

The following specific skills are required of all IAC nominees:

- Members of the IAC should be financially literate with direct investment experience and
- Be "financially literate" (i.e. able to read and understand financial statements and challenge information presented in IAC meetings).
- Have direct investment experience
- at least one member of the IAC should have relevant accounting or financial experience and have the following expertise:
 - financial investment expertise
 - financial risk expertise.
 - have an understanding of the industry in which the Company operates.

Diversity amongst FACC members will be considered by the Board of SLSNSW in making appointments.

3. Tenure

The Board of SLSNSW shall make all appointments and replacements of IAC members.

The independent members will be appointed for a three (3) year term to a maximum of six (6) consecutive years. At the adoption of this Charter one member will be appointed for a three (3) year term, one member for a two (2) year term and one member for a one (1) year term. Years served prior to these respective appointments will not count towards consecutive years of tenure.

Members may be removed by the SLSNSW Board at any time or may resign by written notice to the Board of SLS NSW.

4. Board Delegated Powers and Limitations

The Board authorises the IAC, within the scope of its responsibilities, to perform the activities identified in these terms of reference.

It is intended that individual members of the IAC will act jointly and severally in their capacity as interested members of SLSNSW and will not provide financial advice or any other regulated service.

5. Access to records and independent advice

- a. The IAC members will at all times have:
 - i. Free and unfettered access to the external auditors, senior management, the risk management functions and the appointed actuary, and vice versa; and
 - ii. Unrestricted access to explanations and additional information the IAC considers relevant to its responsibilities;
- b. The IAC must meet with appointed external financial advisors, investment managers and auditors at least once a year without management being present.
- c. The IAC may seek independent professional advice, at SLSNSW's expense, if it is considered necessary for the proper performance of the IAC's responsibilities. The Chairman of the IAC and the Secretary will facilitate the procurement of any such advice.
- d. Members of the IAC will be available to meet with regulators on request..

6. Meetings

The IAC is to meet at least quarterly each year.

7. Specific Duties

The specific duties of this committee are to:

a. Investment Strategy and Investment Reporting

In relation to SLSNSW's investment strategy and investment reporting the IAC will:

- i. Develop the investment strategy and principles applied throughout the SLSNSW Group and be satisfied with their appropriateness;
- ii. Review the integrity of SLSNSW's investment reports and statements;
- iii. Consider whether SLSNSW's investment reports and statements are consistent with the IAC's knowledge and adequate for member's needs, in order to recommend their approval by the Board;
- iv. In consultation with management, review the effectiveness of the SLSNSW Group's investment reporting systems and processes;
- v. Review with management any significant investment and related accounting and financial reporting issues identified by management or the external audit(s);
- vi. Assess any changes in external investment management requirements and standards, and as appropriate advise and/or make recommendations to the Board;
- vii. Support the FACC with the review of management representation letters pertaining to investments to the external auditors for completeness and appropriateness; and
- viii. Review the CEO and CFO declarations regarding the financial reports and statements, prepared in accordance with the requirements of legislation.

b. Risk Management

In relation to SLSNSW's risk management the IAC will review the effectiveness of risk management framework as it relates to the investment strategy.

c. Other:

In relation to matters not included the IAC will:

- i. Receive copies of key correspondence and key reports to regulators as appropriate;
- ii. Be satisfied as to the effectiveness of SLSNSW's processes to receive and manage complaints regarding financial investment management