

COMMITTEE REPORTS

Audit and Risk Committee Report

The Audit and Risk Committee assists the Agency in:

- the oversight of the quality and integrity of the financial statements, the review and monitoring of the effectiveness of the systems of internal control and the internal audit process, and the review and consideration of the outputs from the statutory auditor; and
- the oversight of the Agency's risk management framework including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition, the Committee reviews and monitors the performance of the internal audit, compliance and risk management functions, which are managed on a day to day basis by the Head of Internal Audit, the Head of Compliance and the Head of Risk (Financial, Investment and Enterprise) respectively.

Under its Terms of Reference, the Committee is to comprise up to four members appointed by the Agency from among its members (excluding the Agency Chairperson and Chief Executive).

The current members of the Committee are:

- Gerardine Jones (Chairperson)
- Myra Garrett³¹
- Brian O'Kelly

The membership of the Committee in 2023 was:

- Gerardine Jones (Chairperson)
- John McCormick
- Brian O'Kelly

The Committee met formally on eight occasions in 2023. It also held a separate additional working session to review the financial statements.

Financial Reporting

The Committee reviewed and discussed the unaudited quarterly financial results throughout 2023. The Committee reviewed the draft 2023 financial statements for the NTMA, the Carbon Fund and the Ireland Apple Escrow Fund and recommended them to the Agency for approval. The review focused on the consistency of approach across the financial statements, appropriate estimates and judgements, the clarity and completeness of disclosures in line with applicable accounting standards, and relevant provisions of the Code of Practice for the Governance of State Bodies (2016). The Committee also reviewed and recommended the Governance Statement and Agency Members' Report, and statements on risk management for inclusion in the Annual Report. As part of its review of the financial statements, the

Committee met with representatives of the Office of the Comptroller and Auditor General (the statutory auditor) to discuss its Audit Findings Report.

Internal Control

The Committee reviewed the effectiveness of the system of internal control. It also reviewed the Statement on Internal Control to be included in the 2023 financial statements as a record of the effectiveness of the system of internal control and recommended it to the Agency. The review was informed by a report from management in relation to the assertions contained in the Statement and the Committee's detailed work programme, including regular reports from Internal Audit, Risk, Compliance and the Data Protection Officer (DPO).

Internal Audit

The Committee received regular reports from the Head of Internal Audit (the Head of Internal Audit is supported by an external firm, currently KPMG). It considered the key findings from the individual internal audit reviews completed under the 2023 risk-based internal audit plan and monitored the implementation of audit recommendations. It approved the 2024 risk-based internal audit plan and the Internal Audit Charter. The Committee also satisfied itself as to the effectiveness of the Internal Audit function.

The Committee meets with the Head of Internal Audit without management at least annually.

Statutory Audit

The NTMA's statutory auditor is the Comptroller and Auditor General. The Committee reviewed the external audit plan, the key areas of focus and the audit terms of engagement. It also monitored management's responses to the external auditor's findings arising from the audit of the 2023 financial statements. The Committee meets with the external auditor without management at least annually.

Risk

The Committee reviewed and recommended to the Agency updates to the Risk Management Policy and Framework and to the Risk Appetite Framework. It also approved updates to a number of specific risk policies as provided for under the Risk Management Policy and Framework. It monitored the NTMA's risk profile in relation to its defined risk appetites and approved updates to key risk indicators (KRIs). It also approved the annual Risk Management Plan and Terms of Reference of the Enterprise Risk Management Committee.

The Committee reviewed the principal risks faced by the NTMA based on a strategic risk assessment and provided its comments on same, prior to the review by the Agency. It also reviewed the principal risks of the underlying Business Unit risk registers and a report under the NTMA's stress testing framework. The Committee requested the inclusion

31 Myra Garrett was appointed to the Committee with effect from 22 December 2023.

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of additional long-term risks within these presentations. The Committee reviewed regular reports from the NTMA's Risk function in relation to financial, investment and enterprise risks. It satisfied itself as to the effectiveness of the Risk function.

The Committee carried out a number of other activities including consideration of a number of specific business issues from a risk perspective, including certain geo-political and investment related risks, market volatility and cyber risks.

The Committee meets with the Head of Risk without management at least annually.

Compliance

The Committee received regular reports from the Head of Compliance and Data Protection Officer (DPO) in relation to key compliance and data protection activities and monitoring activities. The Committee reviewed updates to the Compliance and DPO Framework and compliance policies as provided for therein including, inter alia, the NTMA Staff Code of Conduct and the Protected Disclosures Policy, and suggested amendments as appropriate.

The Committee monitored progress against the 2023 Compliance and DPO Plan and approved the 2024 Compliance and DPO Plan. The Committee satisfied itself as to the effectiveness of the Compliance function.

The Committee meets with the Head of Compliance without management at least annually.

Other

The Committee reviewed its Terms of Reference and recommended a number of minor amendments which were approved by the Agency.

In order to support the Committee's review of the wider control environment the Committee confirmed the proposed approach to and output of the 2023 annual Integrated Assurance and Monitoring Mapping Process, which primarily informs the 2024 second and third line of defence plans, but also helps to focus the first line assurance and monitoring approach.

The Committee conducted an annual self-assessment review in respect of 2023 and the Committee members were satisfied that the Committee was working well.

The Committee received a number of external expert briefings as part of keeping itself informed of recent developments and best practice in a number of relevant areas.

The Committee's priorities in respect of 2024 were agreed as part of its Work Programme 2024.

Investment Committee Report

The Investment Committee ("the Committee") is a statutory committee provided for by the *National Treasury Management Agency Act, 1990* (as amended).

The Committee assists the Agency in the control and management of the Ireland Strategic Investment Fund ("ISIF") by making decisions about the acquisition and disposal of assets within such parameters as may be set by the Agency, advising the Agency on the investment strategy for ISIF and overseeing the implementation of the investment strategy.

The Committee is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members).

The current members of the Committee³² are:

- Fiona Ross, Chairperson (Agency member)
- John McCormick (Agency member)
- Leo Clancy³³ (external member) *Chief Executive Officer Enterprise Ireland*
- Linda Hickey³⁴ (external member) *Company Director and former Head of Corporate Broking at Goodbody Stockbrokers*
- Mark Ryan (external member) *Company Director and former Managing Director, Accenture Ireland*

The membership of the Committee in 2023 was:

- Martin Murphy, Chairperson (Agency member)
- Rachael Ingle (Agency member)
- Richard Leonard (external member)
- Mark Ryan (external member)
- Julie Sinnamon (external member)

Following Rachael Ingle's appointment as Agency Chairperson and the expiration of Martin Murphy's second term as an Agency member, Fiona Ross was appointed by the Agency to the role of Chairperson of the Investment Committee with effect from 22 December 2023. In addition, John McCormick was appointed as a Committee member with effect from 22 December 2023. Linda Hickey and Leo Clancy were appointed to the Committee with effect from 1 January 2024. Richard Leonard and Julie Sinnamon's terms of appointment expired on 26 February 2024.

The Committee met on 13 occasions in 2023. Its main activities consisted of considering detailed investment proposals (including disposal of existing investments) from ISIF management and overseeing and monitoring ISIF's Irish

³² Julie Sinnamon and Richard Leonard's terms of appointment expired on 26 February 2023.

³³ Appointed with effect from 1 January 2024.

³⁴ Appointed with effect from 1 January 2024.

Portfolio and Global Portfolio. In addition, the Committee held a half day Strategy Workshop in early 2023 which included a presentation from the Environmental Protection Agency, followed by presentations and discussion on transformational investments in the climate sector and indigenous scaling businesses, ISIF's housing related activities, and food and agricultural long-term opportunities. The Committee also held an offsite meeting in Limerick, where it visited the Limerick Opera Urban Regeneration project construction site and received presentations from the Chair of the Shannon Estuary Taskforce and the Chief Executive of Limerick 2030.

Decisions regarding ISIF's Irish Portfolio investments of up to €150m have been delegated to the Committee by the Agency. Where the Committee supports an ISIF investment proposal of greater than €150m, it makes a recommendation on the matter to the Agency. Two such proposals were approved by the Agency in 2023.

Matters considered at Committee meetings in 2023 included:

- The Committee approved 31 new Irish Portfolio investments, comprising cumulative capital of c. €1,258m. (€839m was committed by ISIF to 23 separate Irish investments during 2023 – more details can be found on page 26).
- ISIF's Investment Strategy impact themes, which align with critical challenges facing the State were a key focus for the Committee:
 - In the context of ISIF's 2021 ambition to seek to invest €1bn in climate action projects within five years and the alignment of ISIF's Climate Action Strategy with the National Climate Action Plan, climate-related investments continued to be a significant area of focus for the Committee in 2023. The Committee also reviewed ISIF's 2022 Climate Report ahead of its publication. The Committee received a briefing on ISIF's Strategy for Ports and Enablement of Offshore Wind. Under its Climate Action Strategy, ISIF will continue to engage across the market and with a range of relevant stakeholders, in order to catalyse and accelerate a range of potentially impactful regional and national projects.
 - In 2023, the Committee also approved a number of investments under ISIF's indigenous scaling businesses, housing and enabling investments and food and agriculture sector impact themes.
 - Within the indigenous scaling businesses impact theme, the Committee approved certain proposals under the *Irish Innovation Seed Fund ("IISF")* which was originally launched in February 2022 by the Tánaiste and Minister for Enterprise, Trade and Employment, Leo Varadkar TD and Minister for Finance, Paschal Donohoe TD. The *IISF* is a seed-focused fund investment programme co-sponsored and managed by ISIF in partnership with Enterprise Ireland and the European Investment Fund. Following an open call for *Expressions of Interest* and detailed evaluation process, 18 submissions were evaluated culminating in Committee approval of certain investment proposals. Separately, the Committee approved certain investments under a new ISIF initiative to promote diversity in private fund management in areas such as venture capital and private equity through ISIF's ambition to commit €50m to suitable funds founded and/or led by female professionals.
- In accordance with the food and agriculture impact theme, the Committee received a presentation on ISIF's Horticulture Investment Strategy, which noted the increasing consumer demand for plant-based foods, the key challenges and potential opportunities for the sub-sector and the alignment of ISIF's strategy with the recently published Government Strategy on Horticulture and ISIF's scaling options including investing in key players to expedite sector impact.
- In relation to the housing and enabling investments impact theme, the Committee approved a number of transactions. In 2023, ISIF's €400m ambition for equity-based investments to support the delivery of new housing was announced. Further progress was also made in relation to ISIF's stated €500m city-specific investment ambition to unlock the economic potential of Ireland's five regional cities.
- The Committee reviewed proposed minor amendments to ISIF's Sustainable and Responsible Investment Strategy ("SRIS"), noting the high-level principles remained unchanged and the general approach remained consistent with the previous version approved by the Agency in March 2020. The Committee also discussed the Equity, Diversity and Inclusion (EDI) targets relating to investee company leadership and boards. Subject to their proposed amendments, the Committee recommended the SRIS to the Agency for approval.
- The Committee reviewed the Exit Strategy for ISIF Direct Investments, which provides objective guidelines for any future divestment decisions and aligns with ISIF's Realisation Framework.
- The Committee actively monitored the near-term Irish Portfolio investment pipeline to provide timely feedback to ISIF management on potential investment opportunities.
- The Committee approved several ISIF investment realisations during 2023.
- The Committee formally reviewed and monitored ISIF's Irish Portfolio and Global Portfolio on a quarterly basis, the Portfolio Diversification Framework (PDF) report on a semi-annual basis and Sustainability and Responsible Investment Strategy on an annual basis.
- Overall ISIF investment performances, capital deployment and activity levels were reviewed on a regular basis. The Committee also reviewed the annual ISIF Irish Portfolio Economic Impact results.

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- The Committee received several external expert briefings to remain informed of recent developments and best practice in areas relevant to ISIF's investment and mandate.
- The Committee reviewed and approved for recommendation to the Agency its revised Terms of Reference.

Information on ISIF's Impact Investment Strategy and the Fund's investments, performance and Economic Impact in 2023 is set out in ISIF's section of this Report.

The Committee conducted its annual self-assessment evaluation in respect of 2023. The Committee members were satisfied that the Committee was functioning satisfactorily and agreed a small number of minor enhancements to its processes.

Remuneration Committee Report

The Remuneration Committee supports the Agency through the review and approval of the NTMA's overall remuneration policy, the review and approval of any performance-related pay schemes operated by the NTMA and approval of the total annual payments to be made under any such schemes. It also makes recommendations to the Agency on the remuneration and other key terms of the Chief Executive and on any redundancy schemes and on the total amount available for payment under any such schemes. The Committee is also responsible for approving any redundancy and/or severance payments in respect of members of the Executive Management Team. The Committee also monitors succession planning for the Executive Management Team, approves any significant amendments to staff pension benefits and makes recommendations to the Agency on the appointment of persons who are not Agency members or members of staff of the Agency to Agency committees and on the remuneration, if any, in respect of such appointments.

Under its Terms of Reference, the Committee is to comprise up to four members appointed by the Agency from among its members including the Agency Chairperson. There are currently three members of the Committee.

The current members of the Committee are:

- John McCormick (Chairperson)
- Rachael Ingle
- Gerardine Jones

The membership of the Committee in 2023 was:

- Rachael Ingle (Chairperson)
- Gerardine Jones
- Susan Webb

The Committee met on five occasions in 2023. Matters considered at Committee meetings in 2023 included:

- Review of the aggregate value of 2023 base salary awards and approval of the total amount in performance-related payments to be made in respect of 2022.
- Review and recommendation to the Agency of the proposed Remuneration budget assumptions in respect of 2024.
- Review and approval of updates to the NTMA Remuneration Policy.
- Oversight of committee membership succession planning including the member selection processes in respect of the SCA Advisory and Investment Committees (which were managed by Agency led working groups). The Committee made recommendations to the Agency on the appointment of new candidates to Agency committees and on the remuneration, where relevant, in respect of these appointments.
- Review of the NTMA's gender pay gap and activities, both ongoing and planned, with a view to addressing this further. The Committee also noted the marked improvement in the Gender Pay Gap in respect of 30 June 2023 (as published in December 2023) and will continue to focus on the underlying drivers of the improvement in same.
- Review of succession plans in respect of the Executive Management Team members and their respective direct reports and preparations for NTMA compliance with forthcoming Pay Transparency Legislation.
- Review of the Remuneration Committee's Terms of Reference.
- Review of the Chief Executive's 2022 performance and recommending the Chief Executive's 2023 Objectives to the Agency for approval.

The Committee also conducted its annual self-assessment evaluation in respect of 2023 in early 2024.

SCA Advisory Committee Report

The Committee held its inaugural meeting in November 2023, the focus of which was for the Committee to gain a greater understanding of the breadth and depth of the State Claims Agency's (SCA) work and the means through which the Committee can add value by means of its advisory role.

The purpose of the Committee is to assist the Agency in the performance of its SCA functions by providing advice, guidance and challenge on relevant SCA matters in accordance with the Committee's Terms of Reference. In advance of the inaugural meeting, an induction session was held to provide the members with an overview of the SCA and its activities. The Committee will meet on a quarterly basis in 2024.

Under its Terms of Reference, the Committee is to comprise up to two Agency members and four expert and experienced external members.

The current members of the Committee are:

- Brian O’Kelly, Chairperson (Agency member)
- Myra Garrett (Agency member)³⁵
- Sabaratnam Arulkumaran (external member) *Professor emeritus in obstetrics and gynaecology at St George’s University, London*
- Caroline Crowley (external member) *Consultant and former Litigation Partner of Hayes Solicitors*
- Greg Dempsey (external member) *Deputy Secretary General, Department of Health*
- John Eves (external member) *Past President of the Chartered Institute of Loss Adjusters, former CEO of Thornton & Partners, past president of the Insurance Institute of Ireland*

At its inaugural meeting:

- The Committee received a presentation from the SCA’s actuaries, Lane Clark and Peacock (LCP), outlining their role in providing the SCA with assistance in predicting the annual and long-term cost of claims arising from the Clinical Indemnity and General Indemnity schemes. The Committee noted the key factors considered in predicting cash flow and IBNR projections.
- The Committee reviewed SCA activity including, inter alia, new claims, claims finalised, and the current liability position. It also reviewed and discussed the significant mass action and sensitive claims report in respect of the Clinical Indemnity and General Indemnity Schemes respectively.
- The Committee received a briefing on current and proposed changes to the Tort Statutory framework or Rules of Court, and, where relevant, the implications of court judgments in particular cases on overall claims management strategy.
- The Committee was briefed on the work of the Legal Cost Unit, which covered its key areas of focus, approach to legal costs claims.
- Notwithstanding that the SCA’s risk management and operational activities do not fall within the Committee’s remit, by way of context for its review of SCA Claims strategy, the Committee also received a high-level update on the work of the Clinical and Enterprise Risk Units.
- The Committee approved the 2024 Work Programme.

35 Myra Garrett was appointed to the Committee with effect from 22 December 2023.