

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)
- John McCormick
- Brian O'Kelly

The membership of the Committee in 2022 was:

- Gerardine Jones (Chairperson)
- Rachael Ingle
- Brian O'Kelly
- Susan Webb

The Committee met formally on seven occasions in 2022. 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 2022. The Committee reviewed the draft 2022 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 2022 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 2022 risk-based internal audit plan and monitored the implementation of audit recommendations. It approved the 2023 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 2022 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 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 the risks arising from the Russian invasion of Ukraine, market volatility, energy crisis, in addition to 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 compliance policies as provided for in the Compliance and DPO Framework and suggested amendments as appropriate.

The Committee monitored progress against the 2022 Compliance and DPO Plan and approved the 2023 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 2022 annual Integrated Assurance and Monitoring Mapping Process, which primarily informs the 2023 second and third line plans but also helps to focus the first line assurance and monitoring approach.

The Committee conducted an annual self-assessment review in respect of 2022. The Committee members were satisfied that the Committee was working well and identified a small number of minor actions to be undertaken.

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 2023 were agreed as part of its Work Programme 2023.

Investment Committee Report

The Investment 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). Up to December 2022, the Agency had decided that the Committee should have three external members. In light of succession planning considerations, the Agency has now decided that the Committee should have up to five external members. A search process is currently underway in this regard.

The current members of the Committee are:

- Martin Murphy, Chairperson (Agency member)
- Rachael Ingle (Agency member)
- Richard Leonard (external member) *Company Director and former Partner, Grant Thornton Ireland*
- Mark Ryan (external member) *Company Director and former Managing Director, Accenture Ireland*
- Julie Sinnamon (external member) *Company Director and former CEO, Enterprise Ireland.*

The membership of the Committee in 2022 was:

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

Following Susan Webb's appointment as Agency Chairperson, Martin Murphy was appointed by the Agency to the role of Chairperson of the Investment Committee with effect from 22 December 2022. In addition, Rachael Ingle was appointed as a Committee member with effect from 22 December 2022.

The Committee met on 12 occasions in 2022. Its main activities consisted of considering detailed investment proposals (including disposal of existing investments) from ISIF management and overseeing and monitoring ISIF's Irish Portfolio and Global Portfolio. In addition, the Committee held a half day Strategy Workshop in early 2022 to discuss ISIF's Investment Strategy as ISIF prepared to cease Pandemic Stabilisation and Recovery Fund (PSRF) activities. The Committee also conducted an offsite visit to the Teagasc Research Centre at Moorepark, Fermoy in Cork, to see first-hand the research efforts underway to support the decarbonisation of Irish Food and Agriculture.

Decisions on investment proposals for ISIF Irish Portfolio investments of up to €150m have been delegated to the Committee by the Agency. Where the Committee supports an investment proposal in excess of €150m, it makes a recommendation on the matter to the Agency.

Matters considered at Committee meetings in 2022 included:

- Review and recommendation of ISIF's Impact Investment Strategy to the Agency for approval. Once approved, the new strategy commenced and the PSRF came to an end in May 2022. ISIF retains the flexibility to make compelling investments in areas which align with critical challenges facing the State or in response to future macro events.
- The Committee approved 30 new Irish Portfolio investments, comprising cumulative capital of c. €1bn (€1,142m). €823m was committed by ISIF to 20 separate Irish investments during 2022 (average investment size of €41m) – more details can be found on page 24.

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- In the context of ISIF's ambition to target €1bn in Climate Action projects over the next five years, Climate continued to be a significant area of focus for the Committee in 2022 and it approved several Climate-related investments over the course of the year. The Committee also reviewed ISIF's Climate Impact Framework, which sets out guidelines and parameters for ISIF's team and the Committee to better assess the relevant Climate impact of future investment proposals across its impact themes. The Committee also noted the publication of ISIF's Climate Report 2021.
- A key focus for the Committee was the Investment Strategy impact themes, which align with critical challenges facing the State. In 2022, the Committee was briefed on potential investments in the food and agri sector and housing and enabling investments, with further focus on the remaining impact themes at the Committee's Strategy session in February 2023. The Committee also separately reviewed an ISIF paper providing an overview of the Fund's exposure and approach to the residential development sector noting, inter alia, that ISIF supports the provision of housing across a mix of dwelling type and tenures with a focus on mass market accommodation.
- The Committee reviewed a proposed ISIF initiative to promote diversity in private fund management sector 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.
- Following a detailed market review of best practice by ISIF's team, the Committee was briefed on ISIF's approach to the appointment of directors to investee company boards, which has been extended to include the use of external nominee directors alongside ISIF's team members.
- The Committee actively monitored the near-term Irish Portfolio investment pipeline in order to provide timely feedback to ISIF management on potential investment opportunities. The Committee also periodically reviewed ISIF's Investment Declines report.
- The Committee approved a number of ISIF investment realisations during 2022.
- The Committee formally reviewed and monitored ISIF's Irish Portfolio and ISIF's Global Portfolio on a quarterly basis and the Portfolio Diversification Framework (PDF) and Sustainability and Responsible Investment Strategy on a semi-annual basis.
- The Committee also undertook its annual review of the PDF. The PDF is designed to assist in the management of the Irish Portfolio with relevant limits also incorporated in the NTMA Investment Risk Policy, which in turn is approved annually by the NTMA Audit and Risk Committee.
- Overall ISIF investment performances, capital deployment and activity levels were reviewed on a regular basis. The Committee also conducted an assessment of the annual ISIF Irish Portfolio Economic Impact results.

- The Committee received several external expert briefings as part of keeping itself informed of recent developments and best practice in areas relevant to ISIF's investment and mandate.

Information on ISIF's Impact Investment Strategy and the Fund's investments, performance and Economic Impact in 2022 is set out in ISIF's section of this Report.

The Committee conducted its annual self-assessment evaluation in respect of 2022. 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.

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:

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

The membership of the Committee in 2022 was:

- Martin Murphy (Chairperson)
- Maeve Carton
- Rachael Ingle

The Committee met on six occasions in 2022. Matters considered at Committee meetings in 2022 included:

- The Committee reviewed the aggregate value of 2022 base salary awards and approved the total amount in performance related payments to be made in respect of 2021.
- The Committee reviewed and recommended to the Agency the proposed Remuneration budget assumptions in respect of 2023.
- In relation to the PAS process in respect of upcoming Board vacancies, the Committee co-ordinated NTMA input including in particular with respect to the relevant required skills.
- The Committee reviewed and recommended to the Agency the proposed arrangements for the transition from the term of office of the former NTMA Chief Executive to the current Chief Executive.
- The Committee reviewed the NTMA's gender pay gap and discussed at a high level possible approaches to address this gap.

- The Committee reviewed the proposed Senior Leadership Team Personal Development Process which included a skills matrix to be used as part of the succession planning process to help set training and development plans for potential successors.
- The Committee reviewed the NTMA Pension Scheme Triennial Actuarial Valuation as at 1 January 2022.
- The Committee reviewed its Terms of Reference.
- The Committee carried out its review of the former Chief Executive's 2021 performance and recommended the Chief Executive's 2022 Objectives to the Agency for approval.

The Committee also conducted its annual self-assessment evaluation in respect of 2022 in early 2023.

SCA Strategy Committee Report

In 2022 the Committee assisted the Agency in the performance of its State Claims Agency ("SCA") functions by providing advice and guidance on strategic, policy and certain operational issues.

The members of the Committee in 2022, comprising two members of the Agency, the Director, SCA and five expert and experienced external members (i.e. not members of the Agency) appointed by the Agency with the consent of the Minister for Finance, were:

- Martin Murphy, Chairperson (Agency member)
- David Moloney (Agency member) *Secretary General Department of Public Expenditure, NDP Delivery and Reform*²²
- Ciarán Breen (Director, SCA)
- Professor Sir Sabaratnam Arulkumaran (external member) *Professor Emeritus of Obstetrics and Gynaecology at St. George's University of London and Visiting Professor, Institute of Global Health Policy Innovation, Imperial College*
- Tom Beegan (external member) *Risk Consultant and former CEO of the Health and Safety Authority*
- Donogh Crowley (external member) *Solicitor, Former Partner Arthur Cox*
- Kerry McConnell (external member) *Chartered Accountant, former CFO IPL Global and RSA Insurance Ireland DAC*
- Julie O'Neill (external member) *Independent Non-Executive Director*

The Committee met formally six times in 2022.

At each scheduled meeting, the Committee reviewed detailed reports from management on active claims, mass actions, sensitive claims, significant cases or judgments and other current issues. Other matters considered at Committee meetings included:

- The Committee reviewed the cash flow projections for the SCA's indemnity schemes from mid-2022 to year-end 2024, and the Incurred But Not Reported (IBNR) estimate at end-2021, prepared by the SCA's actuaries, Lane Clark & Peacock.

- The Committee reviewed an analysis of the reasons underlying why the estimated outstanding liability associated with non-catastrophic clinical claims had increased at a much greater rate than the number of active claims.
- The Committee reviewed the SCA's clinical and enterprise risk strategic plans. In addition, the Committee reviewed the SCA's clinical and enterprise risk annual work plans in respect of 2022 and progress against these plans.
- The Committee reviewed and recommended to the Agency the SCA component of the NTMA Budget and the SCA's business goals and Key Performance Indicators and monitored performance against same.
- The Committee received a number of internal and external expert briefings as part of keeping itself informed of recent developments and best practice in a number of areas relevant to its overall function.