



**Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency**

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2PM ON 29 MARCH 2022
VIA VIDEO CONFERENCE AND AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**

PRESENT: Maeve Carton, Chairperson
Brian O’Kelly
Conor O’Kelly
David Moloney
Gerardine Jones
John Hogan
Martin Murphy
Rachael Ingle
Susan Webb

IN ATTENDANCE: Elaine Hudson, Agency Secretary
Anastasia-Ilektra Sakellariou, Agency Secretariat Officer
Frank O’Connor, Director, FDM (as Observer)
Susan O’Halloran, Chief Legal Officer (CLO)
Ian Black, NTMA Chief Financial Operating Officer (CFOO)
Nick Ashmore, Director, ISIF (Items 5.1, 5.2 & 10.3 only)
Kieran Bristow, Deputy Director, ISIF - Head of Investment (Items 5.1 & 5.2 only)
Mary MacNamara, Deputy Director, ISIF - Head of Portfolio Management (Items 5.1 and 5.2 only)
Eimhín Ní Mhuircheartaigh, Deputy Director, ISIF - Head of Operations & Fund Development (Items 5.1 and 5.2 only)
Carol Ann McGough, Head of ICT Cyber Security & Networks (Item 6 only)
John O’Donovan, Head of ICT (Item 6 only)
Mark Treanor, Head of ICT Operations (Item 6 only)
This has been redacted pursuant to Section 37(1) of the FOI Act 2014.
Emma Jane Joyce, Senior Business Manager – Sustainability (Item 7 only)
Ray Mangan, Head of Risk (Item 8 only)
David Purdue, Chief Economist (Item 9 only)
Ciarán Breen, Director, SCA (Item 10.2 only)

1. NOTICE AND QUORUM

The Chairperson noted that notice of the meeting and of the nature of the business to be conducted had been given to all members entitled to attend the meeting and a quorum was present.

2. DECLARATIONS OF INTEREST

For the purposes of Section 13A of the National Treasury Management Agency Act 1990 (as amended) and Section 17 of the Ethics in Public Office Act 1995, there were no material interests declared by members in the business to be transacted at the meeting.

3. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meetings of 1 and 10 February had been circulated to the members in advance of the meeting. Subject to a minor amendment, **IT WAS RESOLVED** that the minutes be approved and that they be signed by the Chairperson.

The Agency noted the status of the matters arising from previous meetings, as set out in the note circulated with the meeting papers.

4. CHIEF EXECUTIVE'S REPORT

The Chief Executive presented his Report and provided an update in relation to a broad range of matters including, *inter alia*, that a significant focus of management's attention since the last meeting had been the NTMA's financial exposure to the war in Ukraine (limited to ISIF), its compliance with financial sanctions and the indirect impact of market volatility arising from the crisis. Referencing the NDFA's projects at pre-procurement and procurement stages, he noted the potential adverse ramifications of a prolonged crisis on the construction sector in terms of construction price inflation and supply chain issues, noting that NDFA was engaging with its contractors and stakeholders and closely monitoring the situation. In this context, the Agency discussed the wider impact of inflation in the construction sector and various external stakeholder/Policy initiatives in respect of same. In relation to *Funding & Debt Management*, the Chief Executive, referring to recent material movements in 10-year bond yields, provided an indication of the outlook for the future interest rate environment. In relation to *ISIF*, he highlighted the importance of optimising the value and impact of the ISIF's various partnerships in the key sectors, citing the ISIF's attraction of Motive Capital Partners to Ireland and that firm's subsequent investment in the Cork based *Global Shares* as an example of a successful outcome of such partnerships.

5. ISIF UPDATE

5.1. ISIF Business Update

Following a brief update from the Director, ISIF on the proposed changes to ISIF's investment strategy and the restructuring of the ISIF Unit, the Deputy Directors provided a brief overview of the activities and focus of their respective teams (Investing Teams, Operations & Fund Development Team, Portfolio Management Team).

The Agency discussed the update and questioned the ISIF representatives on various aspects of same including, amongst other things, potential recruitment challenges (including gender balance considerations) in the current market environment, the ISIF's experience of hybrid working to date, and the potential impact and benefits expected to be derived from the ISIF's new Portfolio Management System V3. In response to a question from the Agency, the Director, ISIF briefed the Agency on the ongoing review and proposed restructuring of internal ISIF committees to meet the objectives of the proposed Impact Strategy, noting that no proposed changes were

proposed/expected in relation to the Clearing Committee at present and that as with other committees, its purpose and terms of reference would be reviewed on a periodic basis.

5.2. ISIF Impact Investment Strategy

The Director, ISIF presented the proposed ISIF Impact Investment Strategy to the Agency, noting that it had been reviewed by the Investment Committee at its 28 February meeting. The Agency reviewed the Strategy noting it represented a re-articulation of the previous Strategy (ISIF Investment Strategy 2.0), with the Investment Themes outlined by the Minister for Finance in 2018 continuing as key areas of focus for the Fund (albeit with an increased emphasis on *Food & Agriculture* and with *Regional Development* being considered across all Impact Themes). The Strategy's focus on making transformational investments across the ISIF's impact themes and the alignment of same with significant areas of national interest (e.g. Housing and Climate) was also discussed. The Agency noted that notwithstanding the proposed 'all-weather approach' to investing across longer term national strategic priorities there would remain scope to consider potential stabilisation investments under the *compelling and national* priority theme.

At the recommendation of the Investment Committee, the Agency **RESOLVED TO APPROVE** the ISIF Impact Investment Strategy, subject to completion of the formal consultation process with the Minister for Finance and with the Minister for Public Expenditure and Reform, as required by Section 40 of the National Treasury Management Agency (Amendment) Act 2014.

6. CYBER SECURITY ANNUAL UPDATE

The Head of ICT Cyber Security & Networks briefed the Agency on key cyber security risks, providing an overview of the global cyber threat landscape **This has been redacted pursuant to Section 30(1)(b) and 32(1)(c) of the FOI Act 2014.** The Agency reviewed the 2022 Cyber Posture report noting the year on year increase in the NTMA's overall cyber security maturity rating. **This has been redacted pursuant to Section 30(1)(b) and 32(1)(c) of the FOI Act 2014.** In response to a question from the Agency, the Head of ICT Cyber Security & Networks outlined further enhancements to the NTMA's cyber security governance and oversight **This has been redacted pursuant to Section 30(1)(b) and 32(1)(c) of the FOI Act 2014.**

7. NTMA SUSTAINABILITY AND CLIMATE ACTION UPDATE

The Senior Business Manager, Sustainability presented an overview of the revised NTMA Climate Action Strategy 2022 – 2024, as approved in February 2022, noting it reflected the Climate Action Plan (CAP) 2021. She briefed the Agency on, *inter alia*, the NTMA's progress in reducing its CO2 emissions in recent years and the significant integration of climate-related activities across the NTMA's Business Units and Corporate Functions. The Agency noted the update and discussed NTMA's potentially catalytic role in the promotion of sustainability across its various mandates, through its engagement with external stakeholders.

8. RISK MANAGEMENT: STRATEGIC RISK ASSESSMENT

The Head of Risk presented the Strategic Risk Assessment (SRA) noting the key changes proposed since last presented to the Agency in November 2021. He advised that while there were no changes in the substance, number or residual ratings of the key Strategic risks, *risk trends* in respect of two risks had increased from 'static' to "Increasing" in light of the current macro environment and the ongoing Russia/Ukraine crisis. The Audit and Risk Committee Chairperson briefed the Agency on the Committee's deliberations and challenge in respect of the SRA at its 25 March meeting.

The Agency reviewed the principal risks and mitigants as set out in the SRA and discussed the residual impact and likelihood ratings of the strategic risks. The Agency queried whether the potential implications of the revised ISIF Impact Investment Strategy (in terms of strategic focus) had been adequately captured in the relevant residual risk ratings and risk trends. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.** In the context of the People and Behavioural Risk, responding to a question on potential recruitment challenges in the current labour market, **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.** Following further discussion, the Agency agreed it was satisfied for the principal risks and mitigants as set out in the SRA to be reflected in the NTMA Annual Report 2021.

9. MARKET UPDATE

The Agency noted the report as presented. The Chief Economist briefed the Agency on the outlook for the Irish economy, noting that the strong domestic momentum in early 2022 was likely to be significantly tempered by the emergence of the Ukraine conflict. In this latter regard, he indicated that while the direct impact on the Irish economy was minimal, indirect impacts arising from higher energy prices, and slower euro area growth were likely to lead to some downward revision in Irish growth. There would also be additional costs to the Exchequer in relation to Ukrainian refugee policy measures. **This has been redacted pursuant to Section (30)(1)(b) of the FOI Act 2014.** The Director, Funding and Debt Management gave a brief market overview and outlined the 2022 funding activity undertaken since the last Agency meeting.

The Agency discussed the update. In response to a question from the Agency, the Director, FDM advised that given the funding progress year to date, with c. 40% of the 2022 funding target (mid-point of this year's €10-€14bn benchmark bond funding range) completed in Q1, along with a strong opening cash balance, **This has been redacted pursuant to Section 40(1)(a) as it applies to 40(2)(d) of the FOI Act 2014** the NTMA was well positioned in terms of its funding plan. The Agency questioned the FDM team on various aspects of the report including, amongst other things, possible options and key considerations in respect of Q2 funding activity (possible repayment of FRNs, further Green bond syndication etc) and the implications of any potential interest rate hikes.

10. COMMITTEE REPORTS

10.1. Audit and Risk Committee

The Audit and Risk Committee Chairperson, Gerardine Jones, presented the Report of the Committee meeting held on 22 March 2022. She briefed the Agency on various matters discussed by the Committee including the significant volume of documentation in terms of supporting assurances,

attestations and processes underpinning the Statement on Internal Control, the statement of compliance in respect of the Code of Practice for the Governance of State Bodies and the Letters of Representation to the C&AG. She noted that the Committee had reviewed the 2021 financial statements in detail at its workshop on 28 March.

The Audit and Risk Committee Chairperson briefed the Agency on the internal audit reports presented to it. The Agency discussed the findings and rationale for the report rating in relation the NTMA Third Party Risk Management Review in particular. In response to a question from the Agency, she advised that the Executive Risk Management Committee (ERMC) would monitor implementation progress of the agreed action items arising from the audit. The Committee Chairperson also provided an update on the proposed approach to the Personal Account Transaction Policies for staff and the Board respectively.

10.2. SCA Strategy Committee

The SCA Strategy Committee Chairperson, Martin Murphy, presented the Report of the Committee meeting held on 23 February 2022. He noted that the Committee had reviewed a number of reports and **This is redacted in part pursuant to Schedule 1 Part 1 (w)(ii) of the FOI Act 2014.** The Agency noted that the Committee received an insightful briefing from Dr. Rhona Mahony on the recent trends in Irish obstetrics and key challenges in the delivery of maternity services in Ireland (including increasing costs of claims arising from litigation in obstetrics). **This is redacted in part pursuant to Schedule 1 Part 1 (w)(ii) of the FOI Act 2014.** He outlined the key elements of the SCA's strategic approach which involved sponsoring and supporting the work of the National Neonatal Encephalopathy Action Group (NNEAG), maximising the learnings from Cerebral Palsy claims, and providing ongoing risk management support to maternity services in risk management, informed by the ongoing analysis of maternity-related incidents on NIMS. He noted that Dr. Mahony was actively involved as an advisor to the National Neonatal Encephalopathy Action Group (NNEAG). The Agency also discussed that the Ratio of Claims Finalised to Claims Received (excluding mass actions and catastrophic injury claims) for 2021 was 1.03, noting that the SCA would endeavour to maintain this satisfactory ratio at this level during 2022.

10.3. Investment Committee

The Investment Committee Chairperson, Susan Webb, presented the reports of the Committee meetings held on 28 February and 28 March respectively. The Agency noted, inter alia, the brief overview of the transactions approved by the Committee and the summaries of the various reports and investment updates as presented to the Committee. The Director, ISIF provided a brief update on the Aer Lingus and Emerald Airlines transactions, noting that a press release in relation to same had been recently published.

10.4. Remuneration Committee

The Investment Committee Chairperson, Martin Murphy, briefed the Agency on the Committee meetings held on 7 and 29 March. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.**

11. GOVERNANCE ITEMS

11.1 Investment Committee Member Re-Appointment Proposal

The Agency noted the paper proposing the reappointment of Mr Mark Ryan to the Investment Committee for a further three-year term upon the expiry of his current term of appointment in July 2022.

After due consideration, having regard to the recommendation of the Remuneration Committee, and noting, *inter alia*, the views of the Investment Committee Chairperson, Mr Ryan's strong performance on the Investment Committee and Committee member succession planning considerations, **IT WAS RESOLVED** by the Agency that, subject to the consent of the Minister for Finance as required under Section 5A(3)(b) of the Act, Mr Mark Ryan be reappointed to the Investment Committee as a member for a further term of three years effective 17 July 2022 until either he resigned or the Agency decided otherwise (whichever was the earlier) and that, in the event of such reappointment and subject to the consent of the Minister for Finance as required under Section 5A(6) of the Act, Mr Ryan be paid the same level of remuneration payable to the present external members of the Investment Committee.

11.2 Chief Executive Transition Update

The Chief Executive briefed the Agency on progress in relation to on-going transition arrangements to the Chief Executive designate, Mr O'Connor, **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.**

Following discussion, noting that the Chief Executive Designate, Mr O'Connor, would become an ex officio member of the Agency when his Chief Executive term of office formally commenced on 1 July, the Agency **agreed**, in the interim period to invite him to attend Agency meetings as and when they arose, and to provide him with notice of the meetings and any related materials, at the same time as Agency members, in the capacity of observer.

11.3 Delegated Matters Notifiable to the Agency

The Agency noted the Report on Delegated Matters Notifiable to the Agency, as presented.

12. AOB

The Chairperson, on behalf of the Agency thanked the outgoing Chief Executive, Mr O'Kelly for his strong leadership and enormous contribution to the Agency over the past seven years. She noted that Mr O'Connor, Chief Executive designate, would formally commence in the role on 1 July.

There being no other items under AOB, the Chairperson brought the meeting to a close.

13.PRIVATE SESSION

The Agency met in private session. The item is minuted separately.

14.NON-EXECUTIVE SESSION

The Agency held a Non-Executive session which is minuted separately.

Maeve Carton

Chairperson

31 May 2022