

## ERVIA

### INVESTMENT/INFRASTRUCTURE COMMITTEE

#### TERMS OF REFERENCE

##### **Section 1 - Membership**

The Committee (the “**Committee**”) shall be appointed by the Ervia Board (the “**Board**”) in consultation with the Chairperson of the Committee (the “**Chairperson**”) and shall consist of not less than three members, one of whom shall be the Group Chief Executive Officer. The Chairperson of the Board may attend meetings of the Committee and may be a member of the Committee.

While membership of the Committee shall be reviewed annually by the Chairperson and changes as required recommended to the Board, members of the Committee shall ordinarily serve a period of three years from the date of appointment, which may be renewed for up to three years, and may be extended beyond a maximum of six years in total depending on the number of Board members and Committees in place. The general aim is to refresh the membership from time to time to ensure an appropriate balance between continuity and fresh perspective.

##### **1.1 - Chairperson**

The Chairperson shall be appointed by the Board. In the absence of the Chairperson at a Committee meeting, the remaining members present shall elect one of themselves to be the Chairperson of the meeting. The Chairperson of the Board shall not be the Chairperson of the Committee.

The Chairperson is responsible for ensuring that:-

- the Committee is appropriately resourced;
- reports to the Committee contain relevant information and are provided at the right time in an appropriate format;
- absent Committee members are briefed on meetings and attendance records are maintained and reviewed annually;
- regular oral and written reports of the Committee’s proceedings are provided to the Board; and
- matters arising are reported on at each subsequent meeting.

The Chairperson shall be involved in the appointment of new Committee members in consultation with the Chairperson of the Board.

Where the Chairperson calls upon members of the Committee to vote on any issue, decisions will be by way of simple majority. In the event of a split decision, the Chairperson may exercise a casting vote to determine the outcome.

##### **1.2 – Company Secretary**

The Ervia Company Secretary or his/her nominee, as agreed with the Chairperson, shall act as Secretary to the Committee (the “**Secretary**”) and will ensure that the Committee

receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **1.3 - Training**

The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members. The Secretary will be responsible for ensuring that this training, as identified by the Committee members, is provided. The Chairperson and Committee members shall make recommendations to the Ervia Board on the Committee's and individual members' training needs.

## **Section 2 – Meetings**

### **2.1 - Quorum**

The quorum for any meeting of the Committee shall be two (2).

### **2.2 – Conflicts of Interest**

Committee members shall take personal responsibility to declare any potential conflict of interest arising in relation to any items on the agenda for Committee meetings.

A register of Committee members' interests shall be maintained by the Company Secretary. Where a conflict of interest arises, a Committee member shall bring this to the attention of the Chairperson and where necessary absent themselves from the meeting for the duration of the discussion and shall not take part in any decisions in relation to the matter in question. Similar arrangements apply in relation to relevant meeting documentation where such documentation is not made available to the Committee member. This shall be noted in the minutes of the Committee meeting.

### **2.3 - Attendance**

Only members of the Committee are entitled to attend and vote at Committee meetings.

The Committee may invite any Board Member, executive or other person to attend any meeting(s) of the Committee from time to time, as it may consider desirable.

### **2.4 - Frequency**

Meetings shall be convened at the discretion of the Chairperson, but shall be held at least three times per annum. The Board or the Committee Members may request further meetings as they consider necessary.

### **2.5 - Minutes**

The Secretary shall be responsible for recording the minutes of each meeting, including the names of those present and in attendance. Draft minutes of meetings will be circulated to all Members in advance of their formal adoption by the Committee and their noting by the Board.

### **Section 3 - Authority**

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information, including documentation, it requires from any employee or agent of Ervia (including its subsidiary companies) to enable it to discharge its responsibilities.

The Committee may obtain external legal or other independent professional advice if considered necessary. It shall have access to adequate funding to enable it to discharge its duties. The Committee is authorised, subject to the approval of the Board, to co-opt additional members to provide specialist skills, knowledge and experience if considered necessary.

### **Section 4 – Duties and responsibilities**

The Committee's main duties and responsibilities are:

- a) to evaluate new development opportunities in Ervia, Irish Water and Gas Networks Ireland.
- b) to review and evaluate submissions to the Ervia Board in its role as Approving Authority for capital projects and capital programmes under the Public Spending Code; and to review and evaluate submissions in respect of capital projects or programmes valued in excess of €100m. The Committee will recommend investments to the Ervia Board on the basis that such investments meet appropriate criteria including, amongst other considerations, shareholder return expectations, that there is a justification for the proposed project, that it is affordable within funding constraints, that it is a high priority relative to competing proposals and that it sits within Ervia's corporate strategy;
- c) to review contracts and commercial agreements relating to capital investments with a value in excess of ten million euros (€10m) and recommend to the Ervia Board as appropriate (excluding in flight Irish Water projects<sup>1</sup>);
- d) to review contracts and commercial agreements in relation to in flight Irish Water projects in excess of twenty million euros (€20m). These projects will have already been approved in principle by the Board of Irish Water and the Board of Ervia as part of the Irish Water Capital Programme;
- e) to review on a quarterly basis progress reports on projects approved by Board on the Committee's recommendation which are at Gate 3 or those at earlier Gates with approved capital expenditure in excess of €10m showing delivery against targets, status of budgets and capital expenditure and operating expenditure summaries;
- f) to consider the post implementation review conducted by management in respect of all projects approved by the Board on the Committee's recommendation;

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<sup>1</sup> Capital projects entered into by Local Authorities prior to Irish Water being established and which were subsequently novated to Irish Water.

- g) to review the level of performance and delivery of capital investments and programmes approved by the Committee and undertaken by Ervia, in, for example, the areas of: water, waste water, gas networks, gas installations, maintenance, water and gas infrastructure support and non-infrastructure investments (such as IT, business change and facilities);
- h) to consider whether the procedures for investment appraisal are fit for purpose and comply with best practice including the principles and relevant requirements of the Department of Public Expenditure and Reform Public Spending Code and Sectoral Guidance as published;
- i) to review the capital investment portfolio management process prior to regulatory submissions; the level of funding proposed to be allocated to capital investment projects and programmes prior to the adoption of annual business plans; and the proposed procurement strategy in advance of commencing the tender process for major projects and programmes.
- j) to review strategies related to the capital investment programme, including for example supply chain management, property, energy management, waste management, climate change, leakage, major contracts terms and conditions ; and implementation of Board approved improvement initiatives.
- k) to consider and agree the calendar of standing items for the financial year;
- l) to approve minutes of Committee meetings;
- m) to work and liaise as necessary with all other Board committees; and
- n) to perform any other duties or responsibilities expressly delegated to the Committee by the Board.

## **Section 5 - Reporting Procedures**

The Chairperson shall report formally to the Board after each Committee meeting on all matters within its duties and responsibilities.

The Committee shall compile an annual report to the Board for inclusion in the Ervia Annual Report describing its membership and its duties and responsibilities.

Ervia management shall ensure that all information relevant to the discharge of its responsibilities and all information requested by the Committee is provided to the Committee. Management shall also ensure that matters of material concern that are relevant to the Committee's responsibilities are brought promptly to the attention of the Committee.

## **Section 6 - Review**

On an annual basis, the Committee will review the effectiveness of its operations and report to the Board on its findings and recommendations.

The Committee will also review these terms of reference at least annually, and make recommendations on updating or amending them to the Board as appropriate.

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