

# EirGrid plc Board Terms of Reference

## Vn5.3

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# 1. Context

- 1.1 EirGrid plc is a commercial state company established under European Communities (Internal Market in Electricity) Regulations, 2000 S.I. 445/2000 as amended (“S.I. 445/2000”), and in accordance with the terms as provided for in S.I. 445/2000 is a company established under the Companies Act 1963 (as amended) hereinafter referred to as the “Company”. Further, it has its own Memorandum and Articles of Association and as a State owned company is subject to the Code of Practice for the Governance of State Bodies (“Code of Practice”).
- 1.2 Accordingly, all of the aforesaid documents are required to be complied with by the Company. It is important therefore when reviewing these Terms of Reference to note that they are only a summary of the main legal requirements contained in: (i) S.I. 445/2000; (ii) EirGrid’s Memorandum and Articles of Association; and (iii) Code of Practice. In the event of any conflict between the terms of this Terms of Reference and of the aforesaid documents the following order of precedence will apply:
  - (i) Companies Act 2014;
  - (ii) S.I. 445/2000;
  - (iii) Memorandum and Articles of EirGrid plc;
  - (iv) Code of Practice; and
  - (v) These Terms of Reference.

# 2. Purpose

- 2.1 This Terms of Reference must be read in the context of section 1 above.
- 2.2 The purpose of the Terms of Reference is to set out how the Board shall fulfil its duties and functions and contains among other things those matters reserved for Board decision and the delegation of authority to the Chief Executive.

# 3. Role of the Board

- 3.1 The role of the Board is to provide leadership and oversight of the Company and to promote its long-term success. In doing so, the Board shall fulfil the following key functions:
  - Establish the company’s purpose, values and strategy and satisfy itself that these and its culture are aligned;
  - Act with integrity, lead by example and promote the desired culture;
  - Ensure that the Company conducts its affairs in compliance with its legal and regulatory obligations and duties;
  - Ensure that the necessary resources are in place for the Company to meet its objectives;
  - Oversee the Chief Executive’s and Executive Management’s effective execution of strategy, performance and delivery against the Company’s, strategic objectives, business plans, milestones and key financial targets by providing clear support and constructive challenge;

- Establish policies and procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives;
- Ensure the accuracy of financial accounting and reporting of information; and
- Ensure the Company reports to the Minister of Environment, Climate & Communications as provided for in S.I. 445/2000 and /or in the Code of Practice and shall keep the Minister informed of any major developments arising within the Company.

## 4. Composition & Membership of the Board & Committees

### Appointments

- 4.1 The make-up of the Board is dictated by Regulation 53 of S.I. 445/2000 (as amended by S.I. 59/2009). In accordance with the Regulation (as amended) the number of Directors shall not exceed ten (10)<sup>1</sup>. Members of the Board (with the exception of the Chief Executive who is an ex-officio Board member) are appointed by the Minister for Environment, Climate and Communications with the consent of the Minister for Public Expenditure and Reform in accordance with S.I. 59/2009.
- 4.2 Appointments to the Board shall be for a period of up to five years. A period of appointment may be renewed for a further period, to a maximum of eight years in total.

### Board Committees

- 4.3 The Board may establish (or disband) such committees of the Board as are deemed necessary by the Board to assist it in the performance of its duties by delegation of certain roles and responsibilities.
- 4.4 Where a committee is put in place:
- Terms of Reference/Charters shall be specified in writing, approved by the Board and reviewed annually;
  - The Board, on the nomination of the Chairperson, shall appoint its members; and
  - The Board shall receive regular reports/updates of their proceedings.

### Code of Conduct

- 4.5 Board members are required to adhere to the principles and standards as prescribed within the Directors' Code of Conduct.

## 5. Responsibilities

### Responsibilities of the Chairperson

- 5.1 The Chairperson is responsible for the leadership of the Board and ensuring its effectiveness in all aspect of its role. This includes:

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<sup>1</sup> Regulation 53(1) of S.I. 445/2000 (as amended via S.I. 59/2009)

- 5.1.1 Chairing its meetings having agreed a balanced agenda with the Chief Executive and Company Secretary, and ensuring that adequate time is available for discussion of all agenda items;
  - 5.1.2 Constructive board relations and discussions at the Board which facilitate the effective contribution of all Board members and promote a culture of trust and openness;
  - 5.1.3 Ensuring accurate, timely and clear information is provided to the Board to assist in effective decision making and that time is focussed on the right topics;
  - 5.1.4 Ensuring that the Board applies sufficient challenge to management proposals, particularly on risk and examines and reviews management achievement of agreed performance targets;
  - 5.1.5 Ensuring that once a Board decision is reached, there is appropriate delegation to the Chief Executive and his Executives;
  - 5.1.6 Good information flows within the Board and its committees and between senior management and Board members;
  - 5.1.7 Leading on governance matters to ensure that there is a clear structure for, and effective running of, the Board and its committees;
  - 5.1.8 Leading the annual review of Board effectiveness and ensuring committee chairs do the same;
  - 5.1.9 Facilitating induction, mentoring and assisting the ongoing professional development of Board members, as required; and
  - 5.1.10 Maintaining effective communication with the Company's Shareholders.
- 5.2 The Chairperson also acts as a sounding board for the Chief Executive.
- 5.3 The roles of Chairperson and Chief Executive will not be exercised by the same individual.

## Responsibilities of the Deputy Chairperson

- 5.4 The Board will appoint a Deputy Chairperson of the Board from time to time from one of the Non-Executive Directors. The Deputy Chairperson's responsibilities include:
- 5.4.1 Chairing Board meetings when the Chairperson is absent.
  - 5.4.2 Adopting the role of the Chairperson of the Board on the occasions when the Chairperson is reporting to the Board in his/her capacity as the Chair of a committee.
  - 5.4.3 Undertaking, together with the other Non-Executive Directors, a formal individual evaluation of the Chairperson (on an annual basis) and providing feedback on the evaluation to the Chairperson.
  - 5.4.4 Providing a sounding board to the Chairperson.

## Responsibilities of the Board

The Board is responsible for:

- 5.5 Establishing EirGrid's purpose, values, and strategy and ensuring these are reflected in the strategic plans and culture of the organisation;

- 5.6 Ensuring that EirGrid conducts its affairs in compliance with its legal and regulatory obligations and duties and in a socially responsible manner;
- 5.7 Ensuring the accuracy of financial accounting and reporting of information as required by applicable legislation;
- 5.8 Overseeing the Chief Executive's and management's effective execution of strategy, performance and delivery against the Annual Business Plan, achievement of key strategic goals and embedding of an appropriate culture throughout the organisation by providing clear support and constructive challenge;
- 5.9 Monitor internal controls (including financial controls) and ensuring robustness of systems of risk management. The Board shall review such controls on an annual basis;
- 5.10 Approving the appointment of the Chief Executive and Company Secretary.

The Board shall:

- 5.11 Make all decisions in respect of those matters specifically reserved to it in the Formal Schedule of Matters Reserved to the Board (except to the extent delegated by the Board to a Board Committee or to management);
- 5.12 Delegate operational responsibility for the day-to-day running of the Company to the Chief Executive and the Executive Management Team;
- 5.13 Demonstrate objective judgement and act with integrity and fairness in the interests of the Company;
- 5.14 Establish structures and procedures to facilitate the Board's independence from management and to avoid conflicts of interest;
- 5.15 Commit sufficient time and effort keeping up to date and informed about strategic issues and changes affecting the Company and the environment in which it operates;
- 5.16 On an annual basis, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and implement any changes it considers necessary;
- 5.17 Keep under review corporate governance developments (including ethics-related matters) that might affect the Company, with the aim of ensuring that the Company's corporate governance policies and practices continue to be in line with best practice; and
- 5.18 Ensure that the principles and provisions set out in the Code of Practice for the Governance of State Bodies (and any other corporate governance codes that apply to the Company) are adhered to.

## Responsibilities of the Chief Executive

The Chief Executive has responsibility for:

- 5.19 Executing the Board's strategy and reporting regularly on the progress and performance of EirGrid;
- 5.20 The day-to-day running of the business and for the delivery of business performance in accordance with the targets set by the Board; and
- 5.21 Ensuring that appropriate management structures are in place to drive the success of EirGrid in pursuing the objectives set by the Board.

The Chief Executive shall:

- 5.22 Promote EirGrid's culture, values and behaviours through leading by example and engagement;

- 5.23 Build and maintain an effective Executive Leadership Team and effective management structures within the organisation;
- 5.24 Initiate and contribute to the Board strategic development process;
- 5.25 Keep the Board up to date on relevant issues to allow for fully-informed decision making;
- 5.26 Be a trusted communicator between the organisation and the Board;
- 5.27 Contribute their own expertise and experience to the Board;
- 5.28 Keep Chairs of Board committees informed on issues relating to their committees;
- 5.29 Maintain an effective relationship with the Chairperson;
- 5.30 Keep the Board aware of potential risks;
- 5.31 Manage key Stakeholders (assisting the Chairperson in the management of relationships with Minister); and
- 5.32 Be the 'public face' of EirGrid.

## 6. Company Secretary

- 6.1 The Company Secretary will support the Chairperson and Chief Executive to ensure that the Board and Board Committees receive appropriate information in a timely manner to enable full and proper consideration to be given to issues for review and decision by the Board.
- 6.2 All Board members shall have access to the advice of the Company Secretary, who is responsible for ensuring that Board procedures are complied with and for advising the Board, through the Chairperson, on all governance matters generally.
- 6.3 The Company Secretary is also responsible for, on behalf of the Chairperson, ensuring good information flows within the Board and its committees and between Executive Directors and Non-Executive Directors as well as facilitating induction training for new members of the Board and assisting with ongoing professional development for all Board members.

## 7. Operation of Board Meetings

### Meeting Schedule & Agendas

- 7.1 The Board shall meet at least ten (10) times per annum on a calendar monthly basis except for the months of January and August or on such other frequency as may be determined by the Board.
- 7.2 Notice of Meetings
  - 7.2.1 Board meeting agendas and papers shall be circulated at least one week prior to the Board meeting. Late presentations or papers will be accepted on an exceptional basis.
  - 7.2.2 From time to time, meetings of the Board or a Board Committee may be required at shorter notice subject to appropriate notice being given to all Board members.
- 7.3 The Chairperson and Chief Executive, supported by the Company Secretary, are responsible for the effective management of the Board's agenda.

- 7.4 Only members of the Board are entitled to be present at Board meetings. However, others (e.g. members of the Executive Leadership Team and/or external advisers) may be invited by or on behalf of the Chairperson) to attend all or part of any Board meeting.
- 7.5 Board members will use their reasonable endeavours to attend all Board meetings.
- 7.6 The Company Secretary's duties include attendance at Board meetings.
- 7.7 The quorum for a Board meeting shall be a majority of the Board i.e. six members present to constitute a quorum.
- 7.8 Meetings may be held in person/teleconference/videoconference in accordance with the Articles of Association.

## Conflicts of Interest

- 7.9 If a member of the Board finds that he or she has a conflict of interest, he or she should immediately disclose this to the Chairperson and the Company Secretary as required by the Director's Code of Conduct. In accordance with the Director's Code of Conduct a Board member may not vote in respect of any contract, appointment or arrangement in which he or she has an interest.

## Information & Advice

- 7.10 The Board is authorised to seek all information it requires in order to perform its duties.
- 7.11 The Board is authorised to obtain, at the Company's expense, outside legal or other professional advice where the Board judges that it is necessary to allow Board members discharge their responsibilities in accordance with the Procedure for Board Members Seeking Independent Professional Advice.

## Decision Making

- 7.12 Questions arising at Board meetings shall be decided by a majority of votes. Where there is equality of vote the Chairperson will have a second casting vote.
- 7.13 Specific matters reserved for the Board are documented in the Schedule of Matters Reserved for Board Decision (SMRFB) document approved by the Board.
- 7.14 The SMRFB document may be amended by the Board from time to time. For the avoidance of doubt, where, following the adoption of this SMRFB document, the Board approves authority levels in connection with a particular transaction or matter, or category of transactions, the authority delegated by the Board in such subsequent decision shall prevail.
- 7.15 The Board may decide to delegate authority to a Board Committee and to management within limits approved by the Board.

## Matters of Urgency

- 7.16 In exceptional circumstances should approval be required for any item hereby reserved for the Board's or Committees' decision during a period between scheduled Board or Committee meetings, use will be made of meetings by telephone/video conference or by the written resolution procedure set out in the Company's Articles of Association. In such circumstances the Company Secretary, after consultation with the Chairperson will arrange for either:

- i) a Board or Board Committee meeting to be convened using telephone/video conference facilities at a time convenient to the Chairperson of the Board (or Committee) and the majority of Directors; or
- ii) the circulation of a written resolution (scanned or via e-mail as appropriate) to be signed by each Director or Committee member.

## 8. Stakeholders

- 8.1 In carrying out its role, the Board seeks to balance the interests of various stakeholders to ensure EirGrid has a successful and sustainable future.

## 9. Communication & Reporting

- 9.1 The Chairperson and Chief Executive, on behalf of the Board, shall ensure EirGrid reports to the Minister for Environment, Climate and Communications as provided for in the Code of Practice for the Governance of State Bodies and shall keep the Minister informed of any major developments arising within EirGrid.
- 9.2 The Chairperson and Chief Executive will report to the Board on formal meetings with the Minister for Environment, Climate and Communications.
- 9.3 The Chief Executive shall report to the Board at each Board meeting on EirGrid operations, performance, key risks and provide insights into matters likely to impact the future prospects of EirGrid.

## 10. Effectiveness Reviews & Performance Evaluation

- 10.1 The Board shall, at least once a year, review its own performance to ensure it is operating effectively. An external Board Evaluation shall take place every three years.
- 10.2 The Board shall review the results of the evaluation and agree improvements as required.
- 10.3 The Board shall review the effectiveness of Board Committees in fulfilling their responsibilities and duties as set out in their Terms of Reference.
- 10.4 The Chairperson will meet collectively, and individually, with non-executive directors annually to share views and discuss development needs.
- 10.5 The Chairperson and Chief Executive will report to the Board on formal meetings with the Minister for Environment, Climate and Communications.

## 11. Review

- 11.1 The Board will review these Terms of Reference at least annually and will approve amendments as deemed necessary.

# Version History

Version	Amendments	EirGrid plc Board Approval
Version 1	20 October 2010	20 October 2010
Version 1.1	N/A	07 February 2011
Version 1.2	N/A	10 October 2011
Version 1.3	N/A	13 June 2012
Version 1.3	N/A	22 August 2012
Version 1.4	N/A	23 January 2014
Version 2	15 July 2015 tabled at Board meeting	15 July 2015
Version 3	Submitted to 16 Sept 2015 Board Meeting for Approval	16 September 2015
Version 4	Approved at 16 Sept 2015 Board Meeting subject to textual changes.	21 September 2015
Version 4.1	Updated to reflect change of name in Parent Department to Department of Communications, Climate Action and the Environment; ceasing of Pensions Committee; and establishment of Risk Committee	12 August 2016
Version 5.0	<ul style="list-style-type: none"> <li>Consolidation of the previous Terms of Reference to create a more succinct and focused document;</li> <li>Incorporating our values, behaviours and the wider strategic operating environment in which EirGrid operates;</li> <li>Including post resignation/retirement obligations as required by the Code of Practice for the Governance of State Bodies; and</li> <li>Removal of a number of elements which are captured within existing corporate documents (Memorandum &amp; Articles of Association and S.I. 445/2000) namely, Director Qualification Standards, Resignations, Orientation, Continuing Education, Expenses.</li> </ul>	21 <sup>st</sup> April 2021
Version 5.1	<ul style="list-style-type: none"> <li>No amendments further to annual review.</li> </ul>	28 <sup>th</sup> April 2022
Version 5.2	<ul style="list-style-type: none"> <li>Changes to format to incorporate brand refresh.</li> </ul>	19 <sup>th</sup> April 2023
Version 5.3	<ul style="list-style-type: none"> <li>No amendments further to annual review.</li> </ul>	17 <sup>th</sup> April 2024