

Annex 1 Board of Directors Finance and Investment Committee Terms of Reference (Approved on 20 November 2018, Revised and approved on 15 September 2023)

1. Definitions and Interpretation

In these Terms of reference, unless the context otherwise requires, words and expressions shall have the same meaning as ascribed in the Articles of Association. Without limiting the generality of the foregoing:

- a. "Association" means the International Water Association, a company registered in England and Wales;
- b. "Director" means a member of the Board of Directors of the Association; and
- c. References to one gender shall include the other gender.

2. Purpose and Authorities

The purpose of the Committee is to hold management to account on behalf of the Board; review Association financial management, investment, and budgeting "policies and procedures" and advise the Board on these matters. As an example these matters concerns budgeting, accounting, financial reporting and internal controls, including the Risk Register. It also concerns the management accounts and the annual report and financial statements before they are submitted to the Board of Directors and the committee deals directly with the internal and external auditor regarding the conduct of independent audits. It also sets the Investment Manager's mandate and monitors performance on a quarterly basis. The Committee reports to the Board and receives instructions from the President. The Committee does not act for the Board. The Committee has all the rights and privileges conferred on individual Board members concerning access to Association information and staff. Requests for assistance in accomplishing Committee responsibilities, including staff assistance and access to professional services, shall be directed to the President or Executive Director, as appropriate.

3. Duties

- a. Execute the following financial duties, as follows:
 - i. Ensuring compliance with the Association's financial procedures and reviewing the content thereof periodically.
 - ii. Reviewing in line with the Association's financial and budgeting reporting procedures:
 1. Draft statutory accounts;
 2. Annual Budget;
 3. Quarterly performance against budget;
 4. Specific project performance
 5. Risk management policies and procedures
 - iii. Defining and reviewing an internal audit programme and reviewing the external auditor's management letter following the annual audit and management's response. Also ensuring that recommendations are promptly and effectively implemented by management

- iv. Ensuring the accounting and financial management function is suitably resourced and based on good analytical support, and good provisions
- v. Identifying specific areas for review as approved by the Board, in particular the financial implications of new strategies and initiatives (business plans related to new initiatives).
- b. Execute the following investment duties, as follows:
 - i. Recommending investment policies for consideration and adoption by the Board, including proposed ethical positions with respect to appropriate investments.
 - ii. Oversight of the management of Association investments in accordance with these policies.
 - iii. Periodic reporting to the Board and the Governing Assembly on the condition of the Association's investments.
 - iv. Periodically recommending updates to the Association's Investment Policies for consideration and adoption by the Board.
- c. Revise annually the remuneration policy, the top management staff remuneration and the level of adequacy of financial staff for consideration and validation at board level.
- d. **Oversee the application of the Emerging Water Leaders Fund's available income to further the Fund Objects and the investment of the Emerging Water Leaders Fund expendable endowment fund (see annex 1).**
- e. Other duties as assigned.

4. Membership

The Committee shall consist of at least four members and be made up of the Treasurer and up to two members drawn from the IWA membership (either an individual Member or an employee of a Corporate Member) and at least one of these shall be an independent professional qualified accountant from the UK. The remaining members of the Committee shall be drawn from current or former directors, provided that they are independent and are not executives of the Association. Committee members will be nominated by the President and approved by the Board. The term of service shall be two years, corresponding to the period of service for the current Board. Members can serve multiple terms.

The President and Executive Director are ex-officio members.

5. Committee Governance

The Treasurer shall serve as Chair. The Committee Secretary will be the Company Secretary or other person suitable to act and the manager, legally responsible to Companies House for the financials and Governance for the IWA shall attend for reporting the information. Formal actions will generally occur during a duly constituted meeting, which requires that a quorum (a majority of Committee members) be present by phone or physically and that all Committee members have been notified that a meeting has been called and have been given due opportunity to participate. Only members of the Committee have the right to attend Committee meetings. However other individuals and external advisers may be invited to attend by the Chair for all or part of any meeting as and when appropriate. Any member of the Board of Directors or Governing Assembly may attend the meeting with the agreement of the Chair.

Meetings can be in person or by telephone conferencing. Actions discussed in a previous meeting but requiring additional information may be subsequently confirmed by e-mail vote. Minutes of all Committee meetings will be recorded under the responsibility and approval of the Chair by the Committee Secretary. The secretary keeps a record of all approved minutes and related documents. Meetings shall generally be held each quarter but shall be held not less than once each year. Committee performance relative to assigned duties should be assessed on an annual basis by the FIC and reported to the BoD. Annually a schedule of activities for the year will be established. In the annual meeting cycle it is foreseen that the representative of the external auditor and the investment manager will be invited to a meeting at least twice a year. Additional meetings may be held as warranted.

6. Operational Governance

The first version of the draft minutes is directly sent to the Treasurer within 6 working days after the FIC meeting. The final draft will be sent under the responsibility of the Treasurer to all FIC members within 3 weeks after the FIC meeting. The agenda of the FIC is made in a discussion between Treasurer and ED. The procedure is: 8 weeks before the meeting a proposal from the Treasurer is sent to the ED; in the week after ED and Treasurer discuss the proposal and agree on an agenda. End responsible for the agenda is the Treasurer. At least 10 working days before the FIC meeting, the secretariat will send the agenda with documents to the members. In exceptional case, the financial information will be sending the weekend before the meeting. The FIC has two closed sessions with the auditors: the first with the ED to discuss the staff performance and data. A second meeting without the ED to discuss the secretariats role in the audit process.

Annex 1 Roles and Responsibilities of the FIC with regard to the Emerging Water Leaders Fund

- 1.1 The Emerging Water Leaders Fund is established as an expendable endowment fund by a declaration of trust dated 19 May 2023 (the “**Declaration of Trust**”). The income generated by the Emerging Water Leaders Fund is available to support the training and development of young water professionals and specifically for the purpose of:

the purpose of advancing education in the science and practice of water management, in particular (but not limited) through furthering and supporting the training, education and development of young water professionals

at the absolute discretion of the Charity, furthering any other charitable activities that further the Objects of the Charity

(the “**Fund Objects**”).

- 1.2 It is intended that the Emerging Water Leaders Fund will support the development of water professionals over the long term and that the medium to long term capital value of the Emerging Water Leaders Fund shall be maintained.
- 1.3 The role of the Committee shall be to oversee the application of the Emerging Water Leaders Fund’s available income to further the Fund Objects and the investment of the Emerging Water Leaders Fund expendable endowment fund.
- 1.4 The Board is responsible for setting these Terms of Reference and approving any amendments to these Terms of Reference. In carrying out its work, the Committee shall observe any grant, investment, conflict of interest or other policies of the Charity from time to time which have a bearing on its work.
- 1.5 It is anticipated that the agenda of the Committee shall consist of consideration of the application of the Fund’s available income, which may comprise, without limitation, funding of programmes or grants to be made from the available income of the Emerging Water Leaders Fund.

2. **Roles and Responsibilities**

- 2.1 The principal tasks of the Committee shall be to:
- 2.1.1 create and then implement the grant-making process that shall apply to the application of available income to support young water professionals; 'grant making' may include payment to third party suppliers or contractors for the delivery of programmes, activities, events, etc that deliver on the purposes. Grants may also be to individual beneficiaries for travel, accommodation, subsistence or materials.
- 2.1.2 manage the investment policy set by the Board in relation to the Emerging Water Leaders Fund’s expendable endowment fund and provide oversight of the operation of the Emerging Water Leaders Fund investments within the established strategy and risks framework; and

2.1.3 day-to-day management of the Emerging Water Leaders Fund to ensure that the Emerging Water Leaders Fund is operated to the satisfaction of the Board and in accordance with the Fund Objects and charity law.

2.2 In accordance with the provisions of these Terms of Reference, the Committee is therefore authorised by the Board to:

Grant-making function

2.2.1 draw up the process and criteria by which grants from the available income of the Emerging Water Leaders Fund shall be made to, or for the benefit of, young water professionals that are fit for purpose and may be amended from time to time with the approval of the Board;

2.2.2 carefully review any funding applications connected to the development of young water professionals;

2.2.3 decide whether or not to make a grant from the available income of the Emerging Water Leaders Fund, and, if so, on what terms;

Investment function

2.2.4 monitor and review the Charity's arrangements in relation to investment of the Emerging Water Leaders Fund's expendable endowment fund in accordance with the investment policy which has been approved by the Board and ensure that these arrangements are aligned with the Charity's investment policy from time to time and the Fund Objects;

2.2.5 consider and review the Charity's investment policy in so far as it relates to the Emerging Water Leaders Fund and where it believes substantive amendments are required to make recommendations to the Board;

2.2.6 examine the Emerging Water Leaders Fund investments and ensure they remain consistent with the investment policy applicable to the Emerging Water Leaders Fund;

2.2.7 review, challenge and approve (as appropriate) specific major investment strategy proposals relating to Emerging Water Leaders Fund;

2.2.8 review the performance generated by the Emerging Water Leaders Fund's investment assets both in absolute terms and relative to benchmark targets;

2.2.9 oversee the selection process for investment advisors and managers in so far as separate advisors and managers are appointed in relation to the Emerging Water Leaders Fund, make recommendations to the Board in relation to their appointment and removal, on their remuneration and the appropriate level of fees and on their terms of engagement;

2.2.10 meet with the investment advisors and managers in connection with the investment of the Emerging Water Leaders Fund as appropriate.

Day-to-day management

- 2.2.11 carry out, or delegate to an individual or individuals to carry out, all things necessary for the day-to-day management of the Emerging Water Leaders Fund.
- 2.3 In carrying out its work, the Committee shall observe any grant, investment or other policies of the Charity from time to time which have a bearing on its work.
- 2.4 The Committee shall, at all times, be accountable to the Board and shall, on request and no less than twice each year, provide regular updates and reports to the Board on the progress and status of the Emerging Water Leaders Fund.
- 2.5 In relation to the making of a grant, the Committee shall arrange for the necessary steps to be taken to enter into each grant, if approved, including the preparation and execution of any documentation in accordance with any applicable execution requirements.
- 2.6 Each member of the Committee shall ensure that all briefings, discussions, information and documents that he or she becomes privy to or acquires in relation to the Emerging Water Leaders Fund by virtue of their appointment remains confidential and is not shared or disclosed to third parties, unless agreed otherwise with the Board.

Grant Criteria

The Committee shall, before making any decision to provide a grant, satisfy itself that the grant meets the following criteria:

1. The Committee has conducted sufficient due diligence to satisfy itself about the use of the grant.
2. Taking account of any relevant risks, the grant would be a good way of advancing the Fund Objects and the grant would be in the best interests of the Emerging Water Leaders Fund.
3. Grants may include payment to third party suppliers or contractors for the delivery of programmes, activities, events, etc that deliver on the purposes. Grants may also be to individual beneficiaries for travel, accommodation, subsistence or materials.

For the avoidance of doubt:

- it is not intended that grants will be made from the capital of the Emerging Water Leaders Fund. In exceptional circumstances, the Committee may consider whether a capital grant from the Emerging Water Leaders Fund would be expedient in the interests of the Fund Objects;
- any proposal to make a capital grant from the Emerging Water Leaders Fund must be agreed by at least 75% of the trustees of the Charity pursuant to clause 4 of the Declaration of Trust establishing the Emerging Water Leaders Fund and dated 19 May 2023.