

# **STRATEGIC BANKING CORPORATION OF IRELAND**

## **BOARD AND COMMITTEES**

### **CODE OF CONDUCT**

**19 September 2014**

#### **1. INTRODUCTION**

This Code of Conduct (“Code”) applies to all members of the Strategic Banking Corporation of Ireland (the “SBCI”) board of directors (the “Board”) and members of any committee established pursuant to article 18(d) of the SBCI’s articles of association (“Committee”). It was adopted by the Board at its meeting held on 19 September 2014. The Code underscores the Board’s commitment to the highest standards of ethical conduct.

While it is not possible for a set of rules or guidelines to provide for all situations that may arise, Board and Committee members are expected to ensure that all their activities are governed by the ethical standards reflected in this Code in letter and in spirit.

#### **2. OBJECTIVES**

The objectives of this Code are as follows:

- The establishment of an agreed set of ethical principles;
- The promotion and maintenance of confidence and trust including the protection of the good name of the SBCI;
- The prevention of the development or acceptance of unethical practices.

#### **3. COLLECTIVE RESPONSIBILITY**

Board/Committee members must observe and uphold the collective responsibility of the Board and/or respective Committee(s) of which they are a member.

#### **4. GENERAL CONDUCT**

Board and Committee members must always be guided in their actions by the provisions of the Strategic Banking Corporation of Ireland Act 2014 (“SBCI Act”) and the Companies Acts 1963-2013 as well as by their general responsibilities to act lawfully, faithfully, competently and in the best interests of the SBCI.

Board and Committee members should use their reasonable endeavours to attend all Board and/or Committee meetings as relevant.

Board and Committee members should discharge their duties and responsibilities with the highest standards of integrity, including:

- disclosure of outside employment/business interests in conflict with or in potential conflict with the business of the SBCI;
- avoidance of the giving or receiving of corporate gifts, hospitality, preferential treatment or benefits of any kind which might affect or appear to affect the ability of the donor or the recipient to make independent judgement on business transactions or which might be harmful to the reputation of the SBCI;
- ensuring a culture of claiming expenses only as appropriate to business needs and in accordance with good practice in the public sector generally;
- no use of confidential information for personal gain or for the benefit of persons/organisations unconnected with the SBCI or its activities;
- commitment not to acquire information or business secrets by improper means.

## **5. PERFORMANCE OF FUNCTIONS**

Board and Committee members must at all times act in utmost good faith with care, skill and diligence in the performance of their functions. In this regard, Board and Committee members should take all reasonable steps to ensure that:

- all regulatory and statutory obligations imposed on the SBCI are fulfilled;
- all applicable tendering and purchasing procedures are complied with;
- there are adequate controls in place to prevent fraud;
- that SBCI's accounts/reports accurately reflect its performance and are not misleading or designed to be misleading.

## **6. CONFIDENTIALITY**

Board and Committee members should take all reasonable steps to ensure that information is handled responsibly, including:

- respecting the confidentiality of sensitive information held by the SBCI;
- taking particular care to safeguard adequately all SBCI documents;
- complying with relevant statutory provisions.

In relation to the latter, the attention of Board and Committee members is drawn to their obligations under the Official Secrets Act 1963, the Data Protection Acts, 1988 and 2003 and the Market Abuse (Directive 2003/6/EC) Regulations 2005.

Board and Committee members must treat all information obtained in the course of performing their duties on behalf of the SBCI as strictly confidential unless there is clear and unambiguous evidence, instruction or indication to the contrary. Specifically, information relating to the SBCI, the National Treasury Management Agency, the State or any organs of the State or State bodies, providers or potential providers of finance to the SBCI or to any project, fund or other entity managed or promoted by the SBCI, on-lenders and/or market counterparties, whether or not such information relates directly to the SBCI, to which the Board or Committee members become privy and which is not in the public domain, is to be treated as confidential.

Board and Committee members should be aware that the non-disclosure obligation in respect of privileged or confidential information does not cease when their membership of the Board and/or Committee has ended.

## 7. CONFLICTS OF INTEREST AND DISCLOSURES OF INTERESTS

In order to maintain public confidence, Board and Committee members must be seen at all times to be beyond reproach in the area of actual, potential or perceived conflict of interest situations. It is also important that Board and Committee members act, and be seen to act, objectively and independently. To this end, Board and Committee members should ensure that they comply with their obligations with regard to actual and potential conflicts.

Irish company law requires Board members who are in any way (directly or indirectly) interested in a contract or proposed contract with the SBCI to declare the nature of their interest at a meeting of the Board. Copies of these declarations will be registered, and may be inspected by the shareholder or the auditor of the SBCI.

Pursuant to the SBCI's articles of association<sup>1</sup> ("Articles"), where a director or Committee member has, otherwise than in his or her capacity as director/Committee member, a material interest in any matter which falls to be considered by the Board/Committee, he or she shall:

- (i) disclose to the Board/Committee the fact of his or her interest and its nature in advance of consideration of the matter;
- (ii) neither influence nor seek to influence a decision to be made in relation to the matter;
- (iii) take no part in consideration of the matter;
- (iv) absent himself or herself from the meeting or the part of the meeting concerned during which the matter is discussed; and
- (v) not vote on a decision relating to the matter.

Further, under Irish company law, Board members have a fiduciary duty not to use information or opportunities gained through their position as a director of the SBCI for their personal advantage (i.e. not to put themselves in a position where their interests conflict with those of the SBCI).

Board and Committee members are required to comply with any procedures which are put in place to assist the Board and Committee members in meeting their disclosure of interests' obligations.

Board and Committee members should take particular care when dealing with third parties not to suggest or to imply that they are prepared to intervene with the SBCI on their behalf in any unusual or abnormal fashion.

Both current and former Board and Committee members, in considering whether or not to accept any position or role, should give due weight to whether the position or role would:

- be likely to compromise their ability to comply with current and continuing obligations to respect the confidentiality of information obtained as a member of the SBCI Board and/or Committee and in the case of former members, whether a sufficient amount of time has elapsed so as to remove any perception of a conflict of interest; and

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<sup>1</sup> Sections 17(c) and 18(f) respectively of the Articles.

- be likely to cause material damage to the SBCI if such damage would not otherwise have arisen had they not been a member of the SBCI Board and/or Committee.

## **8. INSIDE INFORMATION AND MARKET ABUSE LEGISLATION**

Board and Committee members may potentially have access from time to time to “inside” or “confidential” information regarding financial instruments and the issuers of such instruments. As such, Board and Committee members should be aware that it is a criminal offence for a person who is in possession of “inside information” to:

- a) deal or try to deal the financial instruments concerned or their related derivative instruments;
- b) disclose inside information to any other person (other than in the normal course of the exercise of his/her employment, profession or duties); or
- c) recommend or induce another person to deal in such financial instrument,

where “inside information” is defined as information of a precise nature concerning a financial instrument which has not been made public, and which, if it were made public, would be likely to have a significant effect on the price of the financial instrument or on the price of related derivative financial instruments. The relevant legislation is the Market Abuse (Directive 2003/6/EC) Regulations 2005 (the “Market Abuse Regulations”).

On a general basis, Board and Committee members should not engage in personal account dealing, which might in any way endanger or adversely affect the business or the reputation of the SBCI or which might conflict with or interfere with the performance of their duties on behalf of the SBCI. In particular, they must not deal, or recommend or induce anyone else to deal, in the shares or other securities of any company or their derivative products if they possess inside information concerning that company.

## **9. REVIEW**

This Code will be reviewed biennially by the SBCI Board or more frequently as required in light of any legislative or other relevant developments.