

STRATEGIC BANKING CORPORATION OF IRELAND

BOARD AND COMMITTEES

CODE OF CONDUCT

7 June 2018

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 Constitution (“Committee”). It was adopted by the Board at its meeting held on 7 June 2018¹. 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 Act 2014 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 be loyal and committed to the SBCI while mindful that the organisation itself must at all times take into account the interests of its shareholder.

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

¹ Supersedes the version adopted by the Board at its meeting on 8 September 2016.

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 within the SBCI of claiming expenses only as appropriate to business needs and in accordance with good practice in the public sector generally;
- avoidance of use of the SBCI's resources 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 and to fairness in all business dealings; and
- commitment to compliance with employment equality and equal status legislation and to the SBCI promoting and preserving the health and safety of staff.

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;
- the 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:

- supporting the provision of access to general, non-commercially sensitive information relating to the SBCI's activities in a way that is open and enhances its accountability to the general public;
- respecting the confidentiality of sensitive information held by the SBCI;
- taking particular care to safeguard adequately all SBCI documents;
- observing appropriate prior consultation procedures with third parties where, exceptionally, it is proposed to release sensitive information in the public interest;
- 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, Data Protection Law² and the Market Abuse Regulation (2014/596).

² "Data Protection Law" means the General Data Protection Regulation (No 2016/679) ("GDPR") and the Data Protection Acts 1988 to 2018.

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 ended³.

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.

Members of the Board also have a statutory obligation to disclose interests pursuant to the Ethics in Public Office Act 1995 as amended by the Standards in Public Office Act 2001 (“Ethics Acts”). Members of the Board are designated directors pursuant to the Ethics Acts and are thus required to provide an annual statement of interests to the Standards in Public Office Commission and the Chairperson of the Board (nominated member of the Board in the case of the Chairperson). In addition, members of the Board are required to provide a statement in writing to fellow Board members in any case where a function falls to be performed and the Board member has actual knowledge that he or she or a connected person⁴ has a material interest in a matter to which the function relates.

Pursuant to the SBCI’s Constitution⁵, 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;

³ Section 5.6 of the Code of Practice for the Governance of State Bodies.

⁴ As defined in the Ethics Acts.

⁵ Sections 17(c) and 18(f) respectively of the SBCI’s Constitution.

- (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.

The Code of Practice for the Governance of State Bodies, which has been adopted by the Board, contains a number of supplementary obligations in relation to the disclosure of interests, including the disclosure of interests on appointment and annually thereafter and the maintenance of a register of interests. In addition, 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 would⁶:

- 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
- 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.

In this regard, members of the Board and Committees are reminded of the 'Other Appointments Guidelines' which have been agreed by the Board.

8. INSIDE INFORMATION AND MARKET ABUSE LEGISLATION

Board and Committee members may potentially have access from time to time to "inside" or "confidential price sensitive" 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) Engage or attempt to engage in insider dealing*
- (b) Recommend to another person or induce another person to engage in insider dealing,*
- (c) Unlawfully disclose inside information.*

The relevant legislation is the Market Abuse Regulation (2014/596) ("MAR").

⁶ Sections 5.5 of the Code of Practice for the Governance of State Bodies recommends that the acceptance of further employment where the potential for conflict of interest arises should be restricted during a reasonable period of time after the exercise of a function in the State Body has ceased.

“Inside information” is defined as information of a precise nature, which has not been made public, relating to one or more financial instruments or to one or more issuers, and which, if it were made public, would be likely to have a significant effect on the price of those financial instruments or as the case may be the financial instruments of those issuers. Inside information is likely to have “a significant effect” on price if it is information that a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

For the purposes of MAR a “financial instrument” includes a broad range of securities including shares, bonds, financial contracts for differences, units in collective investment undertakings and certain derivatives.

Under MAR, insider dealing occurs where a person possesses inside information and uses that information to acquire or dispose of, for his/her own account or for the account of a third person, directly or indirectly, financial instruments to which that information relates. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates, where the order was placed before the person concerned possessed the inside information, is also insider dealing.

An offence of recommending or inducing another person to engage in insider dealing arises where a person, who possesses inside information, on the basis of that information recommends to or induces another person to acquire or dispose of financial instruments to which the inside information relates or to amend or cancel an order concerning such financial instruments.

An offence of unlawfully disclosing inside information is committed where a person discloses inside information other than in the proper course of the person’s employment, profession or duties.

Sanctions for breach of MAR can include imprisonment and fines on conviction, civil liability and administrative sanctions imposed by the Central Bank.

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. Members of the Board and Committees are required to comply with any policy and/or procedures adopted by the Board in respect of personal account transactions.

9. REVIEW

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