



Code of Conduct for Shannon Heritage Board Members

Background

The Government Guidelines for State Bodies (2009) require that all State bodies should have a written Code of Conduct for Board members. The following code sets out in written form the agreed standards of principle and practice which should inform the conduct of members of the Shannon Heritage Board in performing their duties as Board members. Members are expected to comply with the Code.

1. General Principles

The underlying principle is that Board members will strive to perform their duties, seeking to compete vigorously and energetically but according to the highest ethical standards of honesty, integrity, accountability, confidentiality, independence and legality. Board members acknowledge their loyalty to Shannon Heritage and are fully committed to its business activities. The following procedures and guidelines are intended to deal with the most common practical implications of the above principles, but they cannot deal specifically with every potential situation that may arise. Where a member is in doubt as to how a particular situation should be dealt with from an ethical standpoint, he/she may consult with the Chairman or Company Secretary of the Board, or may request independent professional advice at the reasonable expense of Shannon Heritage.

Where a member wishes to take such advice, he/she should first consult with the Company Secretary.

The Board is responsible for compliance with all statutory obligations applicable to the State Subsidiary body, including compliance with procurement guidelines. Where individual Board members become aware of non-compliance with any such obligation, they should immediately bring this to the attention of their fellow Board members with a view to having the matter rectified. The matter should also be brought to the attention of the Parent Company Chairman who in turn will bring the matter to the attention of the relevant Minister.

2. Disclosures of Interest and Dealing with Conflicts of Interest.

2.1 Ethics in Public Office Acts

Board members will comply with Ethics in Public Office Acts 1995 and 2001 requirements as amended from time to time.

2.2 Details of Directors Employment / Business Interests

Board members will provide the Company Secretary (on appointment, annually when requested by the Company Secretary and where significant changes occur in the interim) with details relating to his/her employment and all other business interests in accordance with the detailed procedures set out at Appendix 1. Situations where conflicts arise will be dealt with in accordance with the

procedures set out at Appendix 1. This obligation to provide the Company Secretary with these details is in addition to the obligations of Shannon Heritage Board Directors, under the Ethics in Public Office Act.

3. Disclosure of Transactions

Board members agree that where Shannon Heritage has approved financial support or entered into any contractual arrangement with a company or body in which a member has a declared interest, such support or arrangement shall be disclosed in the annual financial statements, as set out in Appendix 2.

4. Disclosure of Information and Confidentiality

The Board supports the general principle of providing information on its activities in a way that encourages a spirit of accountability to its stakeholders, clients and to the general public and the principles enshrined in the Freedom of Information and Data Protection Acts. However, Board members will not disclose, either during or after their term of office, any information which is commercially or operationally sensitive. Board Members will also not seek to acquire information or business secrets by improper means.

5. Third Party Representations

It is recognised that Board members may be contacted periodically by various third parties regarding actual or potential commercial transactions between the Company and specific third parties (who may or may not have initiated the contact). It is agreed by the Board that such contacts can be inappropriate and must at all times be reported.

The following procedures should be adopted where the Board member receives any such contact:

- The third party involved should be told such contact is inappropriate and ask them to desist.
- If the query is one that can properly be channelled through the Executive, the third party should be referred to the specific executive or CEO.
- The Board Member should also immediately advise the Company Secretary of the contact, the response they provided and such information should then be logged on a formal record to be maintained by the Company Secretary.
- The Company Secretary should then exercise judgement as to whether the contact needs to be promptly notified to the Chairman and the CEO.

No contacts should ever be initiated by a Board Member with a third party regarding an actual or potential commercial transaction unless it is done at the request of the CEO or Chairman but always with the full knowledge of the CEO.

Contacts from third parties to Board Members regarding general policy issues for the Company are to be expected and while they may often be appropriate, Board Members must understand that they must respect their obligations regarding Confidentiality under item 4 of this Code

6. Dealings in Shares, Property or Otherwise

In addition to any obligations under law, Board members agree not to use any information obtained by virtue of their position for the purpose of dealing (directly or indirectly) in shares, property or otherwise.

7. Gifts, Expenses and Preferential Treatment

Board members undertake not to give or receive corporate gifts, hospitality, preferential treatment or other benefits that might affect, or could reasonably appear to affect, the ability of the member to make independent judgments on transactions involving Shannon Heritage. Where a benefit has been received in the course of the member's own business that could reasonably appear to affect the member's judgment in relation to Shannon Heritage matters, the details should be declared in the normal fashion.

Board members will use the utmost integrity in the manner in which they claim expenses, ensuring expenses are only claimed as appropriate to business needs and in accordance with good practice. In addition, the Board will ensure that adequate controls are put in place to ensure compliance with procedures for the claiming of expenses for business travel by both Board members and staff.

Board members will further use the utmost integrity in their use of Shannon Heritage's resources and will not use these for personal gain or for the benefit of persons or organisations unconnected with Shannon Heritage.

8. Fairness and Work / External Environment

Board members recognise their responsibility to act fairly towards clients, employees and the general community and support the principles of Health and Safety, Environmental Best Practice and Equality legislation.

Appendix 1 - Disclosure of Interests

1) On appointment to the Board, each member will be required to furnish to the Company Secretary details relating to his/her employment and all other business interests including shareholdings, professional relationships etc., which could involve a conflict of interest or could materially influence the member in relation to the performance of his/her actions as a member of the Board. Any interests of a member's family of which he/she could be expected to be reasonably aware, or a person or body connected with the member which could involve a conflict of interest, should also be disclosed. For this purpose persons and bodies should include:

- spouse, parent, brother, sister, child or stepchild
- a body corporate with which the member is associated;
- a person acting as the trustee of any trust, the beneficiaries of which include the member or the persons at (a) above or the body corporate at (b) above; and
- A person acting as a partner of the member or of any person or body who, by virtue of (a) - (c) above, is connected with the member.

2) Where it is relevant in any situation, the member should indicate to the Company Secretary the employment and any other business interests of all persons connected with him/her, as defined at (1) above.

3) Minor shareholdings need not be disclosed, although this is subject to review at the discretion of the Board. In this context, a holding valued at more than 15,000 or of more than 5 per cent of the issued capital of a company should be disclosed.

4) If a member has a doubt as to whether this Code requires the disclosure of an interest of his/her own or of a connected person, the member should consult the Chairman.

5) Details of the above interests will be kept by the Company Secretary in a special confidential register and will be updated on an annual basis. Changes in the interim should be notified to the Company Secretary as soon as possible. Only the Chairman, Company Secretary and Chief Executive of the body will have access to the register.

6) Should a matter relating to the interests of the Chairman arise, he/she should depute another Board Member to chair the Board meeting and should absent himself/herself when the Board is

deliberating or deciding on a matter in which the Chairman, or a person or body connected with the Chairman, has an interest.

7) Board or company documents on any case which relate to any dealings with the above interests should not be made available to the member concerned prior to a decision being taken. (Such documents should be taken to include those relating to cases involving competitors to the above interests). Decisions, once taken, will be notified to the member.

8) As it is recognised that the interests of a member and persons connected with him / her can change at short notice, a member should, in cases where he/she receives documents relating to his/her interests or of those connected with him/her, return the documents to the Company Secretary at the earliest opportunity.

9) A member should absent himself/herself when the Board is deliberating or deciding on matters in which that member (other than in his/her capacity as a member of the Board) or a person or body connected with the member has an interest. In such cases, a separate record (to which the Director would not have access) will be maintained.

10) Where a question arises as to whether or not a case relates to the interests of a member or person or body connected with him/her, the Chairman of the Board should determine the question.

11) Former Directors should continue to treat commercial information received while acting in the capacity as a Director as confidential.

Appendix 2 Disclosure of Transactions (including Disposal of Assets)

Reporting Transactions, Arrangements or Agreements

In accordance with paragraph 5.5 of the Code of Practice, a report will be prepared on an annual basis for consideration by the Board detailing any transactions, arrangements or agreements between Shannon Heritage and any companies listed in the Register of Members Interests maintained by the Company Secretary.

This report will include the following information:

- The names of the companies.
- The name of the Board Member and the nature of their interest in the transaction, arrangement or agreement.
- The value of the transaction, arrangement or agreement.

Decision on Disclosures

Whether or not a transaction, arrangement or agreement should be considered to be material is a matter for the Board as per subsection (5) (b) of Section 41 of the Companies Act, 1990.

The Board will decide annually whether or not transactions between Shannon Heritage and any companies in which Board Members have declared an interest should be disclosed in the financial statements.

Guideline Disclosure Benchmarks

In this decision process the following guideline benchmarks should not constrain the Board from deciding that disclosure should or should not be made in any particular case:

- In the case of the Capital Grants Budget disclosure must be made where total approvals to a company in any year are in excess of 1.25m or 1% of the grants budget whichever is the lesser.
- In the case of land acquisition, site development or building construction disclosure should be made where the total of any or all transactions, arrangements or agreements made with a company in any year are in excess of 250k.
- In the case of purchase of Goods and Services (including office equipment, consultancy advice, architects and security) disclosure should be made when the total of any or all transactions, arrangements or agreements made with a company in any year are in excess of 75k.

Notes to the Financial Statements

The recommended wording to be used in the note regarding "Board Members - Disclosure of Transactions" in the Shannon Development Group Annual Financial Statements is as follows:

In the normal course of business, the Company may approve grants and may also enter into other contractual arrangements with undertakings in which directors are employed or otherwise interested. The Company adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Board Members and these procedures have been adhered to during the year.

General payments totalling x were made to companies in which a director had an interest.