

IDA IRELAND

Code of Conduct

(Issue 4: September 2003)

BACKGROUND

The Government Guidelines for State Bodies require that all State bodies should have a written Code of Conduct for members. IDA has had a Code since 1992 when the first set of Government Guidelines was issued. The Code sets out in written form the agreed standards of principle and practice which inform the conduct of members of the IDA Board in performing their duties as Board members. Members are expected to voluntarily comply with the Code.

1. GENERAL PRINCIPLES

The underlying principle is that Board members will strive to perform their duties according to the highest ethical standards of honesty, integrity, accountability, confidentiality, independence and legality.

The following procedures and guidelines are intended to deal with the most common practical implications of the above principles; however, 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 Chairperson or Secretary of the Board, or may request independent professional advice at the reasonable expense of the State Body. Where a member wishes to take such advice, he/she should first consult with the Secretary.

This Code will be issued annually to Board members, together with the annual request for disclosure of interests.

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 State Agency Guidelines / Industrial Development Act 1993

Board members will provide the Secretary (on appointment, annually when requested by the 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.

3. DISCLOSURE OF TRANSACTIONS

Board members agree that where IDA 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. Board members should note the detailed procedures set out at 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 legislation. However, Board members will not disclose, either during or after their term of office, any information which is commercially or operationally sensitive, confidential or personal.

5. 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.

6. GIFTS 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 judgements on transactions involving IDA. Where a benefit has been received in the course of the member's own business that could appear to affect the member's judgement in relation to IDA matters, the conflict of interest procedures should be invoked.

7. 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

(Issue 4: September 2003)

DISCLOSURE OF INTERESTS

- (i) On appointment to the Board, each member will be required to furnish to the 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 functions 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:
 - (a) spouse, parent, brother, sister, child or stepchild;
 - (b) a body corporate with which the member is associated;
 - (c) 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
 - (d) 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.
- (ii) Where it is relevant in any situation, the member should indicate to the Secretary the employment and any other business interests of all persons connected with him/her, as defined at (i) above.
- (iii) Minor shareholdings need not be disclosed. 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.
- (iv) 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 Chairperson.
- (v) Details of the above interests will be kept by the Secretary in a special confidential register and will be updated on an annual basis. Changes in the interim should be notified to the Secretary as soon as possible. Only the Chairman, Secretary and Chief Executive of the body will have access to the register.
- (vi) Should a matter relating to the interests of the Chairperson arise, he/she should depute another member to chair the Board meeting and should absent himself/herself when the Board is deliberating or deciding on a matter in which the Chairperson, or a person or body connected with the Chairperson, has an interest.

- (vii) 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).
- (viii) 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 interests or of those connected with him/her, return the documents to the Secretary at the earliest opportunity.
- (ix) 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 member would not have access) will be maintained.

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

APPENDIX 2

(Issue 4: September 2003)

DISCLOSURE OF TRANSACTIONS

Reporting Transactions, arrangements or agreements

A report will be prepared on an annual basis for consideration by the Board detailing any transactions, arrangements or agreements between IDA Ireland and any companies listed in the Register of Members' Interests maintained by the 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 IDA (Ireland) 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 benchmarks should help the Board; however, these are intended as guidelines and should not constrain the Board from deciding that disclosure should or should not be made in any particular case:

1. 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 €1.250m or 1% of the budget whichever is the lesser.
2. In the case of land acquisition, site development and 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.
3. In the case of Purchase of Goods and Services (including office equipment, consultancy advice, architects and security) 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 €75k.

It is suggested that the following additional factors should also be taken into account in making these decisions:

- are the declared shareholdings passive shareholdings in quoted companies which are IDA clients?

- are the declared shareholdings held remotely (for example, by fund managers or in unit trusts)?
- does the Board member concerned have an active connection at present with a relevant company or did he/she have an active connection in the past that could be perceived to be still active?

Notes to the Financial Statements

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

"In the normal course of business the Agency may approve grants and may also enter into other contractual arrangements with undertakings in which IDA board members are employed or otherwise interested.

The Agency 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 by the Agency during the year.

- i. Grants totalling €2.9m were paid in 200X to a company by which a board member is employed.
- ii. Construction contract payments totalling €600k were paid in 200X to a company by which a board member is employed.
- iii. Payments totalling €130k in respect of the purchase of goods/services were paid in 200X to a company by which a board member is employed.
- iv. Consultancy fees totalling €160k were paid in 200X to a company by which a board member is employed.
- v. Income totalling €5k was received in 200X from a company by which a board member is employed.

The members and the Agency complied with Department of Finance guidelines covering situations of personal interest. The members did not receive board documentation on the proposed grant assistance or contracts nor did the members participate in or attend any board discussion relating to the matters."

Note:

It may be necessary to substitute the words "a company by which a board member is employed" with the words "a company in which a board member has an interest" or even amend them to "a company by which a board member is employed and in which the member has an interest".

Disclosures required under the Government Guidelines for State Bodies

Name:

Address:

Employment and any other business interests (e.g. professional relationships, consultancies, Directorships, land holdings etc.) :

Shareholdings (excluding those valued at not more than €15,000 or of not more than 5% of the issued share capital) :

Cont'd.

Cont'd.

Shareholdings (excluding those valued at not more than €15,000 or of not more than 5% of the issued share capital) :

Interests of a member's family or a person or body connected with the member* which could involve a continuing conflict of interest :

Signed: _____

Date: _____

** Persons or bodies shall include, (a) spouse, parent, brother, sister, child or step-child; (b) a corporate body with which the member is associated; (c) a person acting as the trustee of any trust, the beneficiaries or which include the member or the persons at (a) above or the body corporate at (b) above; a person acting as a partner or any person who, by virtue of 8(a) – (c) above, is connected with the member.*