

# CODE OF CONDUCT FOR MEMBERS OF THE BOARDS OF HOME BUILDING FINANCE IRELAND AND HOME BUILDING FINANCE IRELAND (LENDING) AND THEIR COMMITTEES

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## 1. INTRODUCTION

This Code of Conduct (“Code”) applies to all members of the Home Building Finance Ireland (“HBFI”) board of directors, all members of the Home Building Finance Ireland (Lending) (“HBFIL”) board of directors, all members of any committee established pursuant to Article 18(d) of the HBFI Constitution (a “HBFI Committee”) and all members of any committee established pursuant to Article 18(d) of the HBFIL Constitution (a “HBFIL Committee”).

Unless otherwise indicated, references in this Code to:

- the “Board” means the board of directors of HBFI or, as the case may be (as the context requires), the board of directors of HBFIL;
- the “Committee” means a HBFI Committee or as the case may be (as the context requires), a HBFIL Committee; and
- the “Company” means, with respect to a member of the Board of HBFI or a HBFI Committee, HBFI, and with respect to a member of the Board of HBFIL or a HBFIL Committee, HBFIL.

This Code was adopted by the Boards of HBFI and HBFIL at their respective meetings held on 23 February 2023<sup>1</sup>. 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 HBFI and HBFIL;
- 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.

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<sup>1</sup> This Code replaces the version of the Code approved by the HBFI and HBFIL Boards at their respective meetings on 4th February 2021.

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

Board and Committee members must always be guided in their actions by the provisions of the Home Building Finance Ireland Act 2018 (“HBFI 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 Company.

Board and Committee members should be loyal and committed to the Company while mindful of their fiduciary duty to have regard to the interests of the Company’s members.

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 Company;
- 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 Company;
- ensuring a culture within the Company 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 Company’s resources for personal gain or for the benefit of persons/organisations unconnected with the Company or its activities;
- commitment not to acquire information or business secrets by improper means and to act with fairness in all business dealings; and
- commitment to compliance with employment equality and equal status legislation and to the Company 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 Company are fulfilled;
- all applicable tendering and purchasing procedures are complied with;
- there are adequate controls in place to prevent fraud;
- the Company 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 the Company'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 Company;
- taking particular care to safeguard adequately all Company 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 respective obligations under the Home Building Finance Ireland Act 2018, the Official Secrets Act 1963, Data Protection Law<sup>2</sup> and the Market Abuse Regulation (2014/596).

Board and Committee members must treat all information obtained in the course of performing their duties on behalf of the Company as strictly confidential unless there is clear and unambiguous evidence, instruction or indication to the contrary. Specifically, information relating to HBFI and/or HBFIL, the National Treasury Management Agency, the State or any organs of the State or State bodies, providers or potential providers of finance to HBFI and/or HBFIL or to any project, fund or other entity managed or promoted by HBFI and/or HBFIL, whether or not such information relates directly to HBFI and/or HBFIL, 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<sup>3</sup>.

## 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 Company, to declare the nature of their interest at a meeting of the respective Board. Copies of these declarations will be registered and may be inspected by the shareholder or the auditor of the Company.

Pursuant to the HBFI Constitution and the HBFIL Constitution<sup>4</sup>, where a director or Committee member has, otherwise than in his or her capacity as a Board/Committee member, a material interest in any matter which falls to be considered by the Board/Committee, he or she shall:

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

<sup>3</sup> Section 5.6 of the Code of Practice for the Governance of State Bodies.

<sup>4</sup> Sections 17(c) (d) of the HBFI and HBFIL Constitutions

- (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.

Pursuant to Article 17(c) of the HBFI and HBFIL Constitutions, where a material interest is disclosed, the disclosure must be recorded in the minutes and, for so long as the matter to which the disclosure relates is being dealt with by the meeting, the Director by whom the disclosure is made shall not be counted in the quorum of the meeting. Furthermore, pursuant to Article 17(d) if a question arises regarding the course of conduct pursued by a Director in relation to a material interest, this matter shall be determined by the Chairperson of the Board (or where he or she is not available, the chairperson appointed for that meeting), the decision of whom is final in this regard and which decision shall be recorded in the minutes of that meeting.

The Code of Practice for the Governance of State Bodies 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 Company for their personal advantage (i.e. not to put themselves in a position where their interests conflict with those of the Company).

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 HBFI and/or HBFIL on their behalf in any unusual or abnormal fashion. Section 25(1) of the HBFI Act makes it an offence (subject to the exceptions provided for in Section 25(3)) for a person to lobby HBFI and/or HBFIL with the intention of influencing the making of a decision in relation to the performance of the functions of HBFI and/or HBFIL. Furthermore, it is an offence for a person, who believes that he/she has been communicated with in contravention of Section 25(1), not to make a report, as soon as practicable, to the Garda Síochána.

Board and Committee members must comply with the HBFI Protected Disclosures Policy (the "Policy") in respect of disclosures made by "workers", as defined in the Policy. In this regard, The HBFI Audit and Risk committee is responsible for the approval of the Policy and oversight of its implementation and any relevant investigations. It is important to note also that the scope of workers who may make disclosures extends to non-executive directors.

As a general principle, Board/Committee members should avoid the giving or receiving of corporate gifts, hospitality, preferential treatment or benefits which might affect, or appear to affect, the ability of the donor or the recipient to make an independent judgment on business transactions. Board/Committee members are subject to the provisions of the Criminal Justice (Corruption Offences) Act 2018 (CJA 2018). HBFI operates a zero tolerance policy with respect to bribery and corruption. The HBFI Audit and Risk Committee is responsible for the review of HBFI's measures in respect of anti-bribery and corruption as detailed in its Terms of Reference. Members of the Board and Committees are 'Irish Officials' for the purposes of section 7 of the CJA 2018, which provides

that an Irish Official, who directly or indirectly, by himself or herself or with another person, does an act in relation to his or her office, employment, position or business for the purpose of corruptly obtaining a gift, consideration or advantage for himself, herself or any other person, shall be guilty of an offence. In addition, members of the Board/ Committees should note that it is an offence for an Irish Official to use confidential information obtained in the course of his or her office, employment, position or business for the purpose of corruptly obtaining a gift, consideration or advantage for himself, herself or for any other person.

Board/Committee members should also note that, where it is shown in proceedings for an offence under the CJA 2018 that a person who gave a gift, consideration or advantage to a public office holder had an interest in the way the public office holder discharged certain functions specified in Section 14(3) of the CJA 2018, such public office holder is deemed to have acted corruptly unless the contrary is proved. The presumption provided for in Section 14 of the CJA 2018 extends to any gift, consideration or advantage given to any person connected to the public office holder, which is broadly defined and includes close business relation, spouse/civil partner, parent, child, spouse/civil partner of a child or any other person as may be prescribed by Ministerial regulation.

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<sup>5</sup>:

- 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 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 Company if such damage would not otherwise have arisen had they not been a member of the Board and/or Committee.

Members of the Board and Committees are required to comply with any policy and/or procedures that the Board may adopt in this regard including the 'Other Appointment Procedure for HBFI & HBFI(L) Boards and Committees'.

## 8. MARKET ABUSE LEGISLATION, INSIDE INFORMATION AND ANTI-MONEY LAUNDERING/COUNTER TERRORIST FINANCING (AML/CTF)

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 in the EU is the Market Abuse Regulation (2014/596) ("MAR").

"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

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<sup>5</sup> 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.

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 HBFI and/or HBFIL or which might conflict with or interfere with the performance of their duties on behalf of HBFI and/or HBFIL. 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.

### **Anti-Money Laundering/Counter Terrorist Financing (AML/CTF)**

The Anti-Money Laundering/Counter Terrorist Financing Policy (“AML/CTF Policy”) sets out HBFI’s approach to the prevention and detection of money laundering and terrorist financing. HBFI(L) is a designated person for the purposes of the Criminal Justice Act 2010 (as amended) and as such has adopted relevant policies and procedures in this regard.

## **9. REVIEW**

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