



Code of Business Conduct – Board Members & Senior Executives

1. Purpose Of Code

HRI must at all times be widely regarded for its honesty, fairness and business integrity all of which are vital to the overall success of the organisation. To maintain this high reputation it is incumbent on all Board Members and senior executives to conduct their business and personal activities in a manner that does not adversely reflect on HRI.

It is now common practice for larger organisations to introduce a formal Code of Business Conduct that provides guidance to directors in recognising and addressing the ethical and legal issues they may encounter in conducting their duties.

The Code of Corporate Governance for State Bodies requires that all State Bodies, such as HRI, to have a Code of Business Conduct.

HRI aspires to be honest and ethical in all its operations and dealings, to adhere to the highest accepted standards of corporate governance in all its financial and management practices and to behave responsibly towards the health, safety and welfare of its employees and the environment.

Each Board Member is responsible for their own conduct and while this Code provides a guideline to the type of business conduct required by HRI, common sense and good judgement should be applied to all situations. All queries regarding this Code should be directed to the Company Secretary.

While this Code refers to Board Members, the Code applies equally to all senior executives employed by HRI or its subsidiaries.

2. Principles Of The Code

The Code of Business Conduct for HRI is based on a range of principles and outlines the practices to be adhered to by all Board Members under the following headings:

1. Integrity
2. Conflict of interest
3. Gifts / entertainment and travel
4. Betting
5. Loyalty and confidentiality
6. Legality
7. Fairness

3. Practical Application Of The Code

3.1 Integrity

HRI conducts all business transactions in accordance with best practice.

The principle of integrity requires that each Board Member should be open, truthful and honest in their dealings connected with or acting on behalf of HRI.

3.2 Conflict Of Interest

Disclosure is required of potential conflicts of interest between the duties of a Board Member (or their connected interests) in connection with HRI and any outside interest of the Board Member (or their connected interests).

In this context, connected interests may be defined as:

- (a) A spouse, parent, brother, sister, child or step-child
- (b) A body corporate with which the Board Member is associated
- (c) A person acting as the trustee of any trust, the beneficiaries of which include the Board Member or the persons at (a) above or the body corporate at (b) above
- (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 Board Member.

Conflicts of interest may arise due to involvement in the decision making processes of HRI and may also be associated with the authorisation of the purchase and sale of goods or services by or to HRI and all aspects of each such transaction.

A conflict of interest may exist in circumstances where the Board Member (or a connected interest as defined in (a) – (d) above):

- Holds shares or other ownership or proprietary interest in the company or firm
- Holds any office whether as a Director or advisor or otherwise of such company, whether for remuneration or not
- Is aware that HRI might itself have an interest in the acquisition of property, business or other assets from the connected individual or company.

Each Board Member should:

- On appointment, furnish to the Company Secretary details (in the prescribed format) of any current interests meeting the criteria set above
- Immediately inform the Company Secretary of any additional conflict of interest issues, as they arise or are envisaged during the course of his / her tenure as a Board Member

The Company Secretary will maintain a confidential register of all such interests, which will be updated annually. Only the Chairman, Chief Executive and Company Secretary will have access to this register.

Any queries regarding the appropriateness of disclosure should be directed by the Board Member to either the Chairman or Company Secretary.

In circumstances where a conflict of interest is deemed to exist, the Board Member should:

- Ensure that his / her conflict of interest has been appropriately declared and registered
- Return any documents relating to pertinent issues supplied by HRI to the Company Secretary at the earliest opportunity
- Absent him / herself from any meetings during deliberations pertaining to the matters in which the Board Member has an interest (see note below)

Where the issues pertain to the Chairman's interests, the Chairman should ask the Vice Chairman to chair the Board meeting while the Chairman is absent during deliberations pertaining to the area in which the Chairman may have an interest.

Note: Given the unique make-up of the HRI Board, the Board agreed in December 2004, that, Board members must absent themselves from meetings, particularly in relation to the capital development grant approval process, when matters which may represent potential conflicts of interest are being discussed.

This is deemed to include a director / committee member of a racecourse which is being considered for capital development grant aid even where that Board member may be acting as a HRI nominee. In such instances, the Board member must withdraw from the meeting at the time of the relevant discussions.

3.3 Gifts / Entertainment And Travel

Even when gifts and entertainment are exchanged out of the purest motives of personal friendship they can be misunderstood and may appear to be attempts to influence decision making.

Board Members should not seek or accept directly or indirectly any payments, fees, services or loans from any person or business entity that does or seeks to do business with HRI. Naturally this policy does not seek to prevent a Board Member from borrowing monies on an arms length basis from a financial institution for personal or commercial use.

To avoid both the reality and the appearance of improper relations with organisations which HRI carry out business or are associated, the following standards should apply to the acceptance of gifts and entertainment by Board Members. Acceptance:

- should be consistent with normal business practice
- should not affect or appear to affect the Board Member's ability to make independent judgements of business transactions
- should not impose any obligation on either the Board Member or HRI
- should not embarrass HRI in the event of public disclosure
- should only arise for gifts of limited value and advertising / promotional materials, not of substantial value, and clearly marked with the company or brand name
- or where to refuse to accept would cause offence.

The same principles of integrity should be applied to gifts a Board member is considering offering on behalf of HRI.

Board Members may not encourage or solicit entertainment or travel from any individual or organisation with whom HRI does business. However, it is accepted that it is appropriate for Board Members to accept entertainment or travel but only under the following conditions:

- the entertainment / travel occurs infrequently (i.e. no more than annually)
- it arises out of the ordinary course of business
- it involves reasonable expenditure in keeping with the circumstances of the business being undertaken
- or where to refuse to accept would cause offence.

Generally, Board Members must be aware of these criteria, ensure that they are in compliance with same and assess whether gifts / entertainment / travel are appropriate.

3.4 Betting

While an extensive betting policy is set out in the HRI Staff Handbook for staff members at all levels, no similar betting prohibitions are applicable to Board Members.

However, each Board Member is expected to exercise their discretion in relation to the level, manner and type of betting activity undertaken. In all circumstances, Board Members should endeavour to ensure that details of their betting would not embarrass HRI in the event of public disclosure.

3.5 Loyalty And Confidentiality

Board Members are required to be loyal and committed to HRI and should not engage in, or support an outside activity or organisation, which may adversely affect HRI.

In light of the make-up of the HRI Board, where Board members are nominated from industry sectors, Board members shall endeavour to utilise information gained in their capacity as HRI Board members for only the purposes for which the information was gained.

Section 17 of the Irish Horseracing Industry Act, 1994 requires that each Board Member is required to maintain confidentiality relating to the business of HRI in accordance with the provisions of the section as follows:

Prohibition on unauthorised disclosure of information.

17 (1) *A person shall not disclose confidential information obtained by him while performing duties as—*

(a) *a member of HRI or a member of the staff of HRI or an adviser or consultant to HRI, or*

(b) *a director or a member of the staff of, or an adviser or consultant to a subsidiary of HRI, or*

(c) *a member of a committee established under this Act.*

unless he is duly authorised by HRI or the subsidiary, as the case may be, or by a member of the staff of HRI or the subsidiary, as the case may be, duly authorised in that behalf, to do so.

(2) *In this section "confidential" means that which is expressed by the company or the subsidiary concerned, as the case may be, to be confidential either as regards particular information or as regards information of a particular class or description.*

Board Members shall not disclose or appropriate to their own use, or to the use of any third party or organisation, at any time during or subsequent to their tenure as a Board Member, any confidential information of HRI or its subsidiaries.

Board Members are prohibited, during and after their period of office, from:

- Using HRI information for personal benefit
- Disclosing HRI information to third parties, including the media, without prior HRI approval
- Disclosing any commercial or financial information relating to HRI

On termination of term of office each Board Member is required to destroy or return to HRI all Board documentation, reports and other materials of a confidential nature.

3.6 Legality

It is the policy of HRI to comply with all relevant statutory and regulatory requirements governing its operations and Board Members should adhere strictly to this policy when discharging their duties to HRI.

3.7 Fairness

HRI values and treats all employees, customers, suppliers and associates equally and is at all times committed to fairness in its business dealings. All Board Members are therefore required to uphold HRI's policy on fairness in any individual dealings in connection with their role as HRI Board Members.

4. Acceptance Of Terms

I have read and understood HRI's Code of Business Conduct and agree to be bound by the terms thereof.

Name: _____

Signature: _____

Date: _____