

IRISH CORPORATE GOVERNANCE CODE 2024

INTRODUCTION

The Irish Corporate Governance Code (“the Code”) is addressed to companies with a primary equity listing on Euronext Dublin. Based on best standards for corporate governance internationally the Code caters for the specifics of the Irish market and legal environment; the broader EU regulatory regime; and developments in best practice. It offers flexibility through the application of principles and through “comply or explain” provisions. It is the responsibility of boards to use this flexibility wisely and of investors and their advisors to assess differing company approaches thoughtfully.

Good corporate governance serves as a roadmap for companies to navigate the complex landscape of modern business while upholding the highest standards of integrity, transparency, and accountability. It is essential for the long-term performance, success and sustainability of any organisation. Firstly, it promotes resilience by establishing clear structures and processes that help mitigate risks and ensure effective decision-making. By adhering to the principles outlined in the Code, companies can better navigate challenges and uncertainties, ultimately enhancing their ability to adapt and thrive in a rapidly changing business environment. Additionally, good corporate governance fosters accountability by holding management and board members responsible for their actions and decisions. This helps to build trust and confidence among stakeholders, including employees, customers, investors, and the wider community and promotes access to financing. At its core, this Code reflects a commitment to fostering a culture of ethical behaviour, sound decision-making, and responsible corporate citizenship.

The Listing Rules of Euronext Dublin require every company listed on Euronext Dublin to state clearly and concisely in its annual report how the principles of the Code¹ have been applied and whether the company has complied with all relevant provisions. The statement of how the company has applied the principles of the Code should, avoiding boilerplate reporting, refer to the context of the particular circumstances of the company and how the board has set the company’s purpose and strategy, met objectives and achieved outcomes through the decisions it has taken. There should be sign-posting and cross-referencing to those parts of the annual report that describe this. Companies should provide thoughtful and meaningful descriptions of how they apply the provisions of the Code, avoiding recycling descriptions that replicate the wording of the Code or copying wording contained in the corporate governance disclosures year-on-year without reflecting on the circumstances which may have changed. The board’s aim should be to provide informative disclosures that will provide shareholders with greater insight into the company and the environment in which it operates.

¹ Companies that have a primary listing on Euronext Dublin will be subject to the Irish Code. However, if a company is dual-listed in both Ireland and the UK, it has the option to either follow the Irish Code or the UK Code.

Where a company has not complied with the Code's provisions, it is required to report meaningfully on the nature, extent and reasons for non-compliance. Explanations should reflect the environment within which the company operates and provide a rationale for the divergence. An alternative to complying with a provision may be justified in particular circumstances based on a range of factors, including the size, complexity, history and ownership structure of a company. Explanations should set out the background, provide a clear rationale for the action the company is taking, and explain the impact that the action has had. Where a company does not comply with a provision of the Code but actively intends to do so in the future, it should as part of its explanation provide an indication of how and when it will comply.

1 BOARD LEADERSHIP AND COMPANY PURPOSE

Principles

- A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. The board should ensure that the necessary resources, policies and practices are in place for the company to meet its objectives and measure performance against them.
- B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are all aligned. All directors must act with integrity, lead by example and promote the desired culture.
- C. Governance reporting should focus on board decisions and their outcomes in the context of the company's strategy and objectives. Where the board reports on departures from the Code's provisions, it should provide a clear explanation.
- D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.
- E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Provisions

- 1. The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.
- 2. The board should assess and monitor culture and how the desired culture has been embedded. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company's purpose, values, business model(s) and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken. In addition, it should include an explanation of the company's approach to investing in and rewarding its workforce.
- 3. In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Committee chairs should seek engagement with shareholders on significant matters related to their areas of responsibility. The chair should ensure that the board as a whole has a clear understanding of the views of shareholders.
- 4. When 25 per cent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. Having consulted shareholders, the board should provide a summary in the

annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.

5. The board should understand the views of the company's other stakeholders including employees and keep engagement mechanisms under review so that they remain effective. The board should describe in the annual report how the views of stakeholders and the interests of the company have been considered in board discussions and decision-making.

6. There should be a means for the workforce to raise concerns in confidence and – if they wish – anonymously. The board should routinely review the company's policy in this regard as well as the arrangements and the reports arising from their operation. It should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.

7. The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.

8. Where directors have concerns about the operation of the board or the management of the company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.

2 DIVISION OF RESPONSIBILITIES

Principles

F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive relevant, accurate, timely and clear information before the meetings and, where necessary, between meetings so that they can make a knowledgeable and informed contribution to board discussions.

G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

H. All directors should have sufficient time to meet their board responsibilities. Non-executive directors should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Provisions

9. The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company. If, exceptionally, this is proposed by the board, major shareholders should be consulted ahead of appointment. The board should set out its reasons to all shareholders at the time of the appointment and also publish these on the company website.

10. The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director:

- is or has been an employee of the company or group within the last three years;
- has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first appointment.

Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided which should include the factors the board took into account in making its determination.

11. At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.

12. The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.

13. Non-executive directors have a prime role in appointing and removing executive directors. Non-executive directors should scrutinise and hold to account the performance of management and individual executive directors against agreed performance objectives. The chair should hold meetings with the non-executive directors without the executive directors present.

14. The responsibilities of the chair, chief executive, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. The annual report should set out the number of meetings of the board and its committees, and the individual attendance by directors.

15. When making new appointments, the board should take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional material external appointments or appointments which might give rise to a conflict of interest should not be undertaken without prior approval of the board, with the reasons for permitting such appointments explained in the annual report.

16. All directors should have access to the advice of the company secretary who is responsible for: advising and supporting the board on all governance matters; ensuring a good information flow within the board and its committees and between the executive management and non-executive board members; ensuring that the essence of the discussions and decisions at board meetings are accurately captured in the minutes; facilitating induction; and assisting with professional development as required. Both the appointment and removal of the company secretary should be a matter for the whole board.

3 COMPOSITION, SUCCESSION AND EVALUATION

Principles

J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan for the board and senior management should be maintained². Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.

K. The board and its committees should have a combination of relevant skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

L. Annual evaluation of the board should consider its performance, composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Provisions

17. The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession. A majority of members of the committee should be independent non-executive directors. The chair of the board should not chair the committee when it is dealing with the appointment of their successor.

18. All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director why their contribution is, and continues to be, important to the company's long-term sustainable success.

19. The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development

² The definition of 'senior management' for this purpose should be the executive committee or the first layer of management below board level, including the company secretary.

of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided.

20. Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

21. There should be a formal and rigorous annual review of the performance of the board, its committees, the chair and individual directors. The chair should consider having a regular externally facilitated board performance review. In companies with a market capitalisation in excess of €1 billion an external board review should be conducted at least every three years. The external reviewer should be identified in the annual report and a statement made about any other connection it has with the company or individual directors.

22. The board should discuss the results of the board performance review and address any identified concerns by committing to an action plan, with concrete steps, based on the results of the review. Each director should engage with the process and take appropriate action when development needs have been identified. The results of the review should also be used by the nomination committee to identify and prepare a description of the skills, knowledge and experience required on the board as part of the appointments and succession planning process. Where the requisite skills and expertise are not available on the board, the board should ensure that it has access to such expertise and skills.

23. The annual report should describe the work of the nomination committee, including:

- the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
- how the board performance review has been conducted, and a summary of the main outcomes and actions taken;
- the diversity and inclusion policy and any related initiatives, their objectives and link to company strategy, how they have been implemented and progress on achieving the objectives; and
- the gender balance of those in the senior management³ and their direct reports.

23A. The annual report should include:

- the rationale for the current board size and structure, explaining why the board believes it to be appropriate, details of any planned or anticipated changes to the board size or structure, the board's general policy for board renewal; and
- the date of appointment of each director, the length of service of each director as a director and, where applicable, the length of service of each director on a board committee.

³ See footnote 2.

4 AUDIT, RISK AND INTERNAL CONTROL

Principles

M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements⁴.

N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.

O. The board should establish an effective risk management and internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Provisions

24. The board should establish an audit committee with a majority of independent non-executive directors and with a minimum membership of three. The chair of the audit committee should be independent. The chair of the board should not be a member. The board should satisfy itself that at least one member has competence in accounting or auditing. The committee as a whole shall have competence relevant to the sector in which the company operates.

25. The main roles and responsibilities of the audit committee should include:

- monitoring the financial reporting process and the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them;
- providing advice (where requested by the board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy;
- reviewing the company's internal financial controls and internal control and risk management systems and mechanisms, unless expressly addressed by a separate board risk committee composed of independent non-executive directors, or by the board itself;
- monitoring and reviewing the effectiveness of the company's internal audit function or, where there is not one, considering annually whether there is a need for one and making a recommendation to the board;
- conducting the tender process and making recommendations to the board about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing and monitoring the effectiveness of the external audit process, taking into consideration relevant professional and regulatory requirements;

⁴ The board's responsibility to present a fair, balanced and understandable assessment extends to interim and other price-sensitive public records and reports to regulators, as well as to information required to be presented by statutory instruments.

- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required; and
- reporting to the board on how it has discharged its responsibilities.

26. The annual report should provide a meaningful description of the work of the audit committee⁵, including:

- the significant issues that the audit committee considered relating to the financial statements, and how these issues were addressed;
- an explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
- in the case of a board not accepting the audit committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the audit committee explaining its recommendation and the reasons why the board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment);
- an explanation of the application of the entity's accounting policies;
- where there is no internal audit function, an explanation for the absence, how internal assurance is achieved, and how this affects the work of external audit; and
- an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services.

27. The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

28. The board should determine the risk appetite of the company in order to achieve the company's strategic objectives. The board should carry out a robust assessment of the company's emerging and principal risks⁶. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, and an explanation of how these are being managed or mitigated. The board should explain what procedures are in place to identify emerging risks.

29. The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational, reporting and compliance controls.

⁵ Issuers should not simply recycle the committee's terms of reference.

⁶ Principal risks should include, but are not necessarily limited to, those that could result in events or circumstances that might threaten the company's business model, future performance, solvency or liquidity and reputation. In deciding which risks are principal risks companies should consider the potential impact and probability of the related events or circumstances, and the timescale over which they may occur.

30. In annual and interim financial statements, the board should state whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

31. Taking account of the company's current position and principal risks, the board should explain in the annual report how it has assessed the prospects of the company, over what period it has done so and why it considers that period to be appropriate. The board should state whether it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

5 REMUNERATION

Principles

P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.

Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management⁷ remuneration should be established. No director should be involved in deciding their own remuneration outcome.

R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Provisions

32. The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months.

33. The remuneration committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management⁸. It should review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.

34. The remuneration of non-executive directors should be determined in accordance with the Articles of Association or, alternatively, by the board. Levels of remuneration for the chair and all non-executive directors should reflect the time commitment and

⁷ See footnote 2.

⁸ See footnote 2.

responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements.

35. Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive directors and senior management⁹.

36. Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of three years or more. The remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.

37. Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. Directors' contracts and/or other agreements or documents which cover director remuneration should include malus and clawback provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so. The annual report on remuneration should include a description of its malus and clawback provisions.

38. Notice or contract periods should be one year or less. If it is necessary to offer longer periods to new directors recruited from outside the company, such periods should reduce to one year or less after the initial period. The remuneration committee should ensure compensation commitments in directors' terms of appointment do not reward poor performance.

39. There should be a description of the work of the remuneration committee in the annual report, including:

- an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics;
- reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
- whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary;
- what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
- what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy; and
- to what extent discretion has been applied to remuneration outcomes and the reasons why.

⁹ See footnote 2.