



**NSAI**  
Standards

SWiFT 3000:2010

# Code of Practice for Corporate Governance Assessment in Ireland

**SWiFT 3000:2010**

*Incorporating amendments/corrigenda/National Annexes issued since publication:*  
SWiFT 3000:2010/A1:2011

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



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

SWiFT xxx: A rapidly developed recommendatory document based on the consensus of the participants of an NSAI workshop.

<i>This document replaces:</i>	<i>This document is based on:</i> SWiFT 3000:2010	<i>Published:</i> 10 March, 2010
This document was published under the authority of the NSAI and comes into effect on:  10 March, 2010		ICS number: 03.100.01
<b>NSAI</b> 1 Swift Square, Northwood, Santry Dublin 9	T +353 1 807 3800 F +353 1 807 3838 E standards@nsai.ie W NSAI.ie	<b>Sales:</b> T +353 1 857 6730 F +353 1 857 6729 W standards.ie
Údarás um Chaighdeáin Náisiúnta na hÉireann		

# Contents

Page

Acknowledgement.....	3
Foreword .....	4
Introduction.....	5
1 Scope.....	6
2 References .....	6
3 Terms and definitions .....	6
4 Assessment requirements .....	8
4.1 Assessment objectives.....	8
4.2 Scope of the Assessment.....	8
4.2.1 General .....	8
4.2.2 Board processes .....	8
4.2.3 Execution of board role .....	8
4.3 Assessment .....	9
4.3.1 General .....	9
4.3.2 Board composition.....	9
4.3.3 Board process .....	10
4.3.4 Execution of board role .....	10
5 Assessment methodology.....	12
5.1 General .....	12
5.2 Assessment process.....	12
5.2.1 Phases .....	12
5.2.2 Planning and preparation .....	12
5.2.3 Initial review .....	13
5.2.4 Interview and follow-up.....	14
5.2.5 Reporting and follow-up .....	14
5.2.6 Appeals.....	14
5.3 Computation of Assessment Ratings .....	14
6 Assessor qualifications and general conditions .....	15
6.1 General .....	15
6.2 Confidentiality.....	15
<b>Annex A (normative)  Sample  Assessment Questionnaire A (to the Company Secretary or Designated Representative) .....</b>	<b>16</b>
A.1 Board .....	16
A.2 Board evaluation .....	16
A.3 Remuneration .....	17
A.4 Accountability and Audit .....	17
A.5 Information flows to the board.....	17
A.6 Institutional stakeholders .....	18
<b>Annex B (normative)  Sample  Assessment Questionnaire B (to board members).....</b>	<b>19</b>
B.1 The board .....	19
B.2 Board balance regarding appointments and independence.....	19
B.3 Information flows.....	19
B.4 Remuneration .....	19
B.5 Accountability and audit.....	20
B.6 Dialogue with stakeholders .....	20
<b>Annex C (normative) Assessor qualifications and other conditions .....</b>	<b>21</b>

<b>Annex D (normative)  Sample  Corporate Governance final report template.....</b>	<b>23</b>
<b>D.1 Objectives of Assessment .....</b>	<b>23</b>
<b>D.2 Scope of the Assessment .....</b>	<b>23</b>
<b>D.2.1 General.....</b>	<b>23</b>
<b>D.2.2 Board composition .....</b>	<b>23</b>
<b>D.2.3 Board processes.....</b>	<b>23</b>
<b>D.2.4 Corporate Governance execution .....</b>	<b>24</b>
<b>D.3 Assessment.....</b>	<b>24</b>
<b>D.3.1 Review of board documentation .....</b>	<b>24</b>
<b>D.3.2 Review of completed questionnaires .....</b>	<b>24</b>
<b>D.3.3 Interview process.....</b>	<b>24</b>
<b>D.3.4 Review of governance procedures/information flows (on which the board relies).....</b>	<b>25</b>
<b>D.4 Findings and implications .....</b>	<b>25</b>
<b>D.5 Overall Assessment Rating .....</b>	<b>26</b>
<b>D.6 Recommendations to the board.....</b>	<b>27</b>
<b>Annex E (informative) Links to Governance Codes.....</b>	<b>28</b>
<b>E.1 OECD Principles of Corporate Governance 2004.....</b>	<b>28</b>
<b>E.2 The Combined Code on Corporate Governance 2008 .....</b>	<b>28</b>
<b>E.3 Code of Practice for the Governance of State Bodies 2009 .....</b>	<b>28</b>
<b>Annex F (informative) Oversight Committee .....</b>	<b>29</b>

## **Acknowledgement**

The development of this document was initiated and sponsored by the Institute of Directors (IoD).

The Institute of Directors is the representative body for senior business professionals in Ireland. Members include chief executives, chairpersons, board members, senior executives and partners of national and international entities. The primary objective of the IoD is to improve corporate governance standards in Ireland.

Affiliated to the Institute of Directors worldwide, the Institute offers a range services for its members to increase their effectiveness as directors.

## Foreword

This document SWIFT – **Standardized Within the Fast Track** (process) was developed and approved by an NSAI workshop. It reflects the consensus of the individuals listed below to whom the NSAI is indebted for their contribution.

John Smyth, Chairman	Institute of Directors in Ireland
Patrick Bracken	National Standards Authority of Ireland
Celene Craig	Broadcasting Authority of Ireland
Margaret Cullen	University College Dublin
Dermod Dwyer	Corporate Governance Association of Ireland
Mark Fielding	Irish Small and Medium Enterprises Association
John Healy	Electricity Supply Board
Martin Jacob	Institute of Chartered Secretaries and Administrators
Patrick Kivlehan	FAS Training and Employment Authority
Ralph MacDarby	Institute of Directors in Ireland
Brian McKeivitt	Standards in Public Office Commission
Geraldine McWeeney	Financial Regulator
Marion O'Brien	Dublin Airport Authority
Brendan O'Connor	Institute of Chartered Secretaries and Administrators
Kevin Prendergast	Office of the Director of Corporate Enforcement
Paul Turpin	Institute of Public Administration
Barry Smith, Secretary	National Standards Authority of Ireland

## Introduction

The National Standards Authority of Ireland, at the initiative of, and with the sponsorship of the Institute of Directors in Ireland, convened an NSAI Corporate Governance working group, designed to help improve the standing of companies with key stakeholders, and to improve the international business reputation of Ireland. The objective of the working group was to produce a SWiFT specification for the assessment of governance in Irish companies and State bodies.

The development of an external evaluation of the Board is expected to be adopted internationally in the near future. The Financial Reporting Council, which oversees the Combined Code on Corporate Governance, is currently consulting with interested parties on a proposal that evaluation of the Board be externally facilitated at least every three years. This document provides a best practice Irish specification for the conduct of an external evaluation. This document will be reviewed on a regular basis to reflect changes in regulation, legislation and Corporate Governance Codes.

The primary objective of this document is to facilitate external assessment of Corporate Governance performance and will also enable companies of varying scale to benchmark their performance against these requirements and to provide a standard framework of assessment of compliance with relevant Codes (e.g. OECD Principles of Corporate Governance, The Combined Code on Corporate Governance and the Code of Practice for the Governance of State Bodies)

The introduction of this confidential and voluntary Corporate Governance Assessment in Irish entities will send a signal to the international markets that Ireland is prepared to lead, rather than follow, Corporate Governance developments in a challenging environment.

This National Workshop Agreement specifies the requirements for the Corporate Governance Assessment (including board effectiveness) in Irish companies. The process involves an Assessor reviewing a company's compliance with relevant Corporate Governance Code. This involves a review of relevant board/governance documentation, completion by boards of a questionnaire based on the principles enshrined in these Codes ("Assessment Questionnaire") and interviews with company directors (e.g. Chairman, Chair of audit committee, CEO and other directors as deemed appropriate). Companies which have been assessed by a Certification Body and which satisfy the requirements of SWiFT 3000 may be awarded a certificate to that effect.

A1 In May 2011 an amendment to SWiFT 3000:2010 was agreed to clarify the role of the Assessor(s) and to facilitate the use of new or amended Codes.

The start and finish of text introduced, altered or deleted by this Amendment No. 1 are indicated by tags

A1 A1 A1

## 1 Scope

SWiFT 3000 establishes specific requirements for the Corporate Governance Assessment process together with an associated methodology. It is intended that this agreed process and methodology will be available to companies in the private<sup>1</sup> and state sectors and will take due cognisance of the scale, nature and complexity of companies. <sup>A1</sup> Specific areas of Corporate Governance to be assessed are based on appropriate Codes,<sup>2</sup> as approved by the Oversight Committee for the purpose of assessment to the requirements of SWiFT 3000. References in this document to any identified provisions of any named Code shall be interpreted as referring to the corresponding provisions of such approved Codes(s) relevant to the Entity being assessed. <sup>A1</sup>

The Code of Practice for the Governance of State Bodies and other requirements will necessitate some extra features to be taken into account in the assessment of the Corporate Governance in a State body. These features include:

- the requirement to confirm compliance with the Code to the relevant Minister,
- that boards generally do not have the power to nominate members of the board,
- compliance with centrally determined rates of remuneration for many personnel,
- the adoption of public sector codes on procurement and disclosure of interests.

## 2 References

OECD Principles of Corporate Governance.

The Combined Code on Corporate Governance.

Code of Practice for the Governance of State Bodies.

<sup>A1</sup> Any other Codes that may be approved by the Oversight Committee. <sup>A1</sup>

## 3 Terms and definitions

For the purposes of this document, the following terms and definitions apply:

<sup>A1</sup> **Accreditation term deleted** <sup>A1</sup>

**Assessment file**

file prepared and maintained by the Assessor as part of the Corporate Governance Assessment

<sup>A1</sup> **Assessor(s)**

one or more independent individuals at least one of whom is approved as qualified to conduct a Corporate Governance Assessment of Entities of a type identified in an approved Code <sup>A1</sup>

**Certification Body**

member of the Association of Accredited Certification Bodies (AACB) which will award certification to Entities which meet the requirements of SWiFT 3000

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1 The term 'private companies' refers to publicly listed companies as well as privately owned companies.

2 SWiFT 3000 will endeavour at all times to reflect best practice guidelines and principle of corporate governance. Any changes to the Codes forming the basis of SWiFT 3000 will be reflected, on a regular basis, by updates. <sup>A1</sup> text deleted <sup>A1</sup>

**A1 Code(s)**

Code or Codes of good practice in Corporate Governance as approved by the Oversight Committee.

NOTE The Oversight Committee may approve for inclusion such additional Codes as in their opinion reflect current best practice guidelines and principles of corporate governance. **A1**

**Corporate Governance**

process by which companies are directed and controlled

**Corporate Governance Assessment**

assessment of an Entity's Corporate Governance framework

**Designated Representative**

individual within the Entity designated as the main point of contact during the Corporate Governance Assessment process

**Entity**

private sector and public sector companies or organisations to be assessed

**Management**

executive team charged with the implementation of corporate strategy approved by the Board of the Entity

**normative elements**

required elements

**Overall Assessment Rating**

average of ratings provided by the Assessor in relation to the Entity's application of the main principles of the relevant Code.

**Oversight Committee**

consists of representatives from professional bodies involved in the promotion of best practice in Corporate Governance

## 4 Assessment requirements

### 4.1 Assessment objectives

The objective of the Corporate Government Assessment is to assess the Corporate Governance frameworks of companies and specifically the level of compliance by companies with governance Codes of best practice relevant to them (e.g. OECD Principles, The Combined Code on Corporate Governance or the Code of Practice for the Governance of State Bodies).

Such assessments shall be carried out by a suitably qualified Assessor, see Annex C. Compliance with and certification to this document will be on a voluntary basis.

The Assessor will have access to all necessary relevant internal documentation for assessment purposes.

### 4.2 Scope of the Assessment

#### 4.2.1 General

The Corporate Governance Assessment shall involve examination of three core areas:

- a) board composition,
- b) board processes, and
- c) execution of board role.

These areas encapsulate the main principles of the relevant Code of best practice.

#### 4.2.2 Board processes

Processes relate to the underlying mechanisms used by the board. The following shall be assessed:

- a) collective responsibility of the board,
- b) terms of reference (Board and Committee(s)),
- c) matters/decisions reserved for the board/Management,
- d) board meeting process,
- e) committee meetings,
- f) decision making process,
- g) information flows (between Management and the board and between the board and stakeholders).

#### 4.2.3 Execution of board role

The work directly carried out by the board itself in fulfilment of its role shall be assessed and shall include:<sup>3</sup>

- 1 appointments to the board/re-election to the board,

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<sup>3</sup> This covers Combined Code Principles A.4 to A.7, B.1 and B.2 (and related Code Provisions).

- 2 director induction and professional development,
- 3 performance evaluation,
- 4 setting director remuneration.

The frameworks implemented by Management, on which the board relies, shall review board's:<sup>4</sup>

- a) system of risk Management and risk registers,
- b) system of internal control,
- c) corporate financial information,
- d) Strategic direction.

### 4.3 Assessment

#### 4.3.1 General

In meeting the scope of the Corporate Governance Assessment, the following shall be examined:

- board composition (see 4.3.2),<sup>5</sup>
- board processes (see 4.3.3),
- review of board procedures (see 4.3.4.1),
- review of governance procedures/information flows from Management on which board rely (see 4.3.4.2).



#### 4.3.2 Board composition

This assessment shall cover:

- 1 skills and expertise,
- 2 board independence,
- 3 chairman/CEO separation,
- 4 composition of committee(s).

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<sup>4</sup> This covers Combined Code principles C.1 to C.3 (and related Code provisions)

<sup>5</sup> This essentially covers assessment of a company's adherence to Combined Code Principles A.1 to A.3 (and related provisions) inclusive as well as the provisions within the Combined Code pertaining to committee membership (A.4.1, B.2.1 and C.3.1).  References in this document to any identified provisions of any named Code shall be interpreted as referring to the corresponding provisions (if any) of such approved Codes relevant to the Entity being assessed. 

### **4.3.3 Board process**

This assessment shall cover:

- a) terms of reference (board and committee(s));
  - 1) clarity,
  - 2) content,
- b) matters/decisions reserved for the board/Management;
  - 1) clarity,
  - 2) content,
- c) board meeting processes;
  - 1) frequency of meetings,
  - 2) board agendas and papers,
  - 3) conduct of meetings,
- d) committee meetings;
  - 1) frequency of meetings,
  - 2) committee(s) agendas and papers,
  - 3) conduct of meetings,
- e) decision making processes;
  - 1) boards and committee(s),
  - 2) approach (e.g. consensus versus majority and dissent),
- f) information flows (between Management and the board and between the board and stakeholders);
  - 1) frequency,
  - 2) timing,
  - 3) content.

### **4.3.4 Execution of board role**

#### **4.3.4.1 Review of board procedures**

The following shall be assessed to determine the frameworks in place for appointments to the board/re-election to the board, director induction and professional development, performance evaluation and setting director remuneration:

- a) appointments to the board/re-election to the board;
  - 1) work of the nomination committee(s),

- 2) reports from the nomination committee to the board,
- 3) clarity of the board appointment/re-election procedures'
- b) director induction and professional development;
  - 1) nature of induction and development,
  - 2) quality of continuing development,
- c) board performance evaluation;
  - 1) methodology,
  - 2) frequency,
  - 3) output and follow-up,
- d) setting director/executive remuneration;
  - 1) work of the remuneration committee,
  - 2) remuneration policy,
  - 3) clarity of remuneration process,
  - 4) reports from the remuneration committee to the board.

#### 4.3.4.2 Review of governance procedures

Information flows from Management (on which the board relies) is a critically important area of assessment. This includes the areas delegated by the board to Management and the information that the board relies on from Management to oversee that the procedures are being followed. It will reflect the procedures reviewed to assess 4.2.3 above and shall include:

- a) key risk indicators,
- b) key performance indicators,
- c) reports from the audit committees to the board,
- d) reports from internal audit to the board/audit committee,
- e) reports from risk department (if applicable) to the board,
- f) reports from the CEO and relevant compliance reports, to ensure the company's obligations relating to areas such as taxation, legal, health and safety, procurement, etc. are being achieved,
- g) reports from the CFO to the board.

## 5 Assessment methodology

### 5.1 General

Corporate Governance shall be assessed against best practice principles <sup>(A1)</sup> drawn from the Codes. <sup>(A1)</sup>

The assessment methodology will be evidence based and will principally rely on the use of the following:

- a) Board documents and records relevant to the scope of the assessment,
- b) questionnaires,
- c) interview.

### 5.2 Assessment process

#### 5.2.1 Phases

The assessment process consists of four distinct phases:

- a) planning and preparation,
- b) initial review,
- c) interview and follow-up,
- d) reporting and follow-up.

Checklists and records established in accordance with the Corporate Governance Assessment process shall be maintained as part of the Assessment File and maintained by the Certification Body.

#### 5.2.2 Planning and preparation

Prior to the commencement of the Corporate Governance Assessment, a plan shall be prepared by the Assessor in consultation with the Designated Representative of the Entity which shall address, but may not be limited to, the following areas:

- a) the scope and objectives of the Corporate Governance Assessment (see clause 4),
- b) Board documents and records relevant to the Corporate Governance Assessment,
- c) issues of confidentiality,
- d) distribution of preliminary questionnaires to director(s)/executive(s),
- e) access to directors and executives for interview purposes,
- f) timescale for each phase of the Corporate Governance Assessment.

A planning checklist shall be used to identify all relevant details required in undertaking the Corporate Governance Assessment. This checklist (the structure of which is at the discretion of the Assessor) shall be retained within the Assessment Files.

Access to board procedures, board documents, records and the distribution of questionnaires shall be agreed as part of the planning and preparation phase. Board documents and records, together with any other documentation relevant to the assessment, shall be made available to the Assessor. Board documents and

records required for the Corporate Governance Assessment may include, but may not be limited to, the following:

- board terms of reference,
- list of matters reserved for board's decision,
- schedule of board and committee meetings for the prior and current year,
- an appropriate sample of board meeting agenda and supporting documentation,
- internal audit work plan,
- audit committee papers,
- risk register,
- committee terms of reference,
- latest set of annual report and accounts,
- strategic plan.

Sample Assessment Questionnaires (contained in Annex A and Annex B) have been prepared for the purposes of Corporate Governance Assessment. The Company Secretary or Designated Representative of the Entity shall complete Assessment Questionnaire A. This questionnaire contains high-level questions on the size and structure of the Entity and the governance framework in place within the Entity. Assessment Questionnaire B shall be completed by such members of the board and senior executives, as deemed appropriate by the Assessor. This questionnaire addresses, at a more micro level, the governance processes in place within the Entity. The Assessment Questionnaires reflect the principles enshrined in the <sup>(A1)</sup> relevant Codes. <sup>(A1)</sup>

### 5.2.3 Initial review

While the scope of each stage of the Corporate Governance Assessment will be at the discretion of the Assessor in consultation with the Designated Representative, it is anticipated that the initial review stage will involve a review of the board documentation and records provided to the Assessor followed by a review of the completed Assessment Questionnaires.

This documentation shall be reviewed to establish:

- the governance framework within the company,
- <sup>(A1)</sup> the level of compliance with the relevant Code, <sup>(A1)</sup>
- how the principles of the Code have been applied by the Entity,
- in circumstances where the Entity does not comply with certain provisions of the Code, the explanation for non-compliance,
- the nature and level of governance oversight exercised by the board and the extent to which reported issues are followed through,
- areas for consideration/assessment in the interview phase.

**5.2.4 Interview and follow-up**

Following completion of the initial review, individual interviews shall be held with a representative sample of members of the board and senior executives of the Entity, as selected by the Assessor. The aim of these interviews is to obtain further insight into the Corporate Governance framework and processes within the Entity and the effectiveness of the framework and processes from the perspective of the directors themselves. It is also an opportunity to address issues identified during the review of the Assessment Questionnaires and/or the board documentation and records. Follow-up meetings and further review of related documents may be required as part of this stage of the Corporate Governance Assessment. The extent of the interviews is at the discretion of the Assessor and reflects his/her judgment on the areas requiring discussion.

**5.2.5 Reporting and follow-up**

Following completion of the Corporate Governance Assessment, a summary of the main findings shall be discussed with the board or the Designated Representative of the Entity and draft findings presented to the board for consideration. Agreed amendments and areas on which agreement cannot be reached between the Assessor and the board or Designated Representative shall be noted in the final report. Annex D contains a final report template which shall be used by the Assessor.

**5.2.6 Appeals**

Any Entity that forms the opinion that an Assessment issued by an Assessor, in respect of that Entity's Corporate Governance, is unfair or inaccurate may initiate an appeal or refer the matter to arbitration. The procedures for such an appeal or arbitration will be determined by the Oversight Committee in consultation with the AACB.

**5.3 Computation of Assessment Ratings**

The objective of the Corporate Governance Assessment is to provide the Entity with an overall Corporate Governance rating. Based on his/her qualitative analysis, the Assessor will provide the Entity with a rating for its application of each of the main principles of the [A1] relevant Code(s). [A1]

**Table 1 — Assessment ratings**

Rating	Explanation
0	Not Applicable
1	Not Implemented
2	Partly Implemented
3	Broadly Implemented
4	Fully Implemented

Based on the ratings achieved for each of the main principles, the Entity will receive an Overall Assessment Rating. The Overall Assessment Rating represents the average rating achieved by the Entity across the 12 Main Principles<sup>6</sup>. A company will require an average rating of greater than 3 to achieve compliance with SWiFT 3000. An example calculation of an Overall Assessment Rating is provided in Annex D, Table D.2.

<sup>6</sup> In circumstances where a main provision is not applicable, the number of provisions will be reduced accordingly when calculating the average rating. For example, if one main principle is not applicable, the aggregate rating across the other 11 principles will be divided by 11.

The Assessor shall also present the main findings arising from the Corporate Governance Assessment (see Annex D, Table D.1) and make recommendations to the Entity on how it might improve its Overall Assessment Rating (Annex D, Table D.3).

## **6 Assessor qualifications and general conditions**

### **6.1 General**

The Corporate Governance Assessments will be carried out by approved Assessors. Annex C sets out the required qualifications of an Assessor and certain conditions imposed on individuals acting as Assessors.

### **6.2 Confidentiality**

Assessments undertaken under the requirements of this document shall be treated as strictly confidential.

## Annex A (normative)

### **A1** Sample **A1** Assessment Questionnaire A (to the Company Secretary or Designated Representative)

#### **A.1 Board**

- a) How many executive board members are there?
- b) How many non-executive board members are there?
- c) Is there a separate chairman and chief executive?
- d) What is the schedule of board meetings for the previous and forthcoming twelve months?
- e) What committees are established and who are the members?
- f) Are the mandates for the board and committees clear and effectively defined?
- g) Are there independent directors and do they meet the independence criteria in the **A1** relevant Code? **A1**
- h) Has the board appointed an independent non-executive director to be the senior independent director?
- i) By what procedures are new directors appointed?
- j) Do all directors receive induction on joining the board?
- k) Do all directors regularly update and refresh their skills and knowledge?
- l) Is there a clear division of responsibility between the running of the board (chairman) and the running of the company's business (chief executive)?
- m) Are there succession plans in place for the orderly succession to the board and to senior Management?
- n) In the case of a state body has the board satisfied itself that the body is in compliance with all applicable statutory obligations (e.g. public procurement)?
- o) In the case of a state body has the relevant Minister received confirmation that the body complies with the requirements of the Code of practice in respect of governance practices and procedures?
- p) Is there a process for dealing with boardroom disputes and do directors have access to independent legal advice if required?

#### **A.2 Board evaluation**

- a) Does the board undertake a formal and rigorous annual evaluation of its own performance?
- b) Does a similar evaluation of the performance of committees take place?
- c) Does the chairman set the agenda, style and tone of board discussions in order to promote full involvement, effective decision-making and constructive debate?

- d) Is an evaluation of the chairman's performance completed every year?
- e) Is the performance of individual directors also evaluated?
- f) Does the chairman act on the results of the evaluations?

### **A.3 Remuneration**

- a) Are there formal and transparent procedures for developing policy on executive remuneration and for determining the remuneration of individual directors?
- b) Is there a board remuneration committee operating in accordance with the provisions of the Code?
- c) Are there procedures in place to avoid conflicts of interest in setting levels of remuneration?

### **A.4 Accountability and Audit**

- a) Has the board adopted policies governing corporate conduct, including compliance with applicable laws and regulations?
- b) Has the board established an audit committee?
- c) What is the composition of the audit committee?
- d) Does at least one member of the audit committee have recent and relevant financial experience?
- e) Does the audit committee have written terms of reference in line with the requirements of the **A1** relevant Code? **A1**
- f) Is the work of the audit committee described in the annual report?
- g) Has the board ensured that systems of risk Management and other systems of internal control are established and operate in practice?
- h) Has the audit committee reviewed the arrangements for confidential disclosures?
- i) To what extent does the audit committee communicate with the external auditors?
- j) Has the audit committee monitored and reviewed the effectiveness of internal audit activities?
- k) Has the audit committee primary responsibility for making a recommendation on the appointment, reappointment and removal of external auditors?
- l) Does the board review the memorandum and articles of association in view of changing business environments?
- m) Does the board ensure that the Entity is fully compliant with the Companies Acts, 1963 to date?
- n) Is there a board approved whistle blowing policy in operation?

### **A.5 Information flows to the board**

Are all directors provided with the following?

- a) key risk indicators,
- b) key performance indicators,
- c) reports from all committees of the board,
- d) reports from internal audit to the board/audit committee,
- e) reports from risk department (if applicable) to the board,
- f) reports from the chief executive to the board,
- g) reports from the chief financial officer to the board.

## **A.6 Institutional stakeholders**

- a) How do the chairman and the senior independent directors (and other directors as appropriate) maintain sufficient contact with stakeholders to understand their issues and concerns?
- b) In the case of state bodies, what is the structure and format for appropriate contact and communication with the relevant Minister/Government Department?

## Annex B (normative)

### **A1** Sample **A1** Assessment Questionnaire B (to board members)

#### **B.1 The board**

- a) By what means does the board direct and control the company?
- b) Does the board have processes in place for succession planning?
- c) Has the board ensured that systems of risk Management and other systems of internal control are established and operate in practice?
- d) Has the board identified and assessed the Management of the principal risks, as defined in the company's risk register?
- e) Does the board performance and member behaviour engender mutual trust and respect within the board and the Entity?
- f) Can any individual board member excessively influence the decisions of the board?
- g) Does the chairman set the agenda, style and tone of board discussions to promote effective decision-making and constructive debate?
- h) Is there a board approved strategic plan with regular board monitoring of performance against stated objectives?

#### **B.2 Board balance regarding appointments and independence**

Are the range of skills, knowledge and experience on the board appropriate?

#### **B.3 Information flows**

- a) Is the form and quality of the information supplied to the board appropriate to enable it to discharge its duties?
- b) Does the company secretary ensure good information flows between senior Management and non-executive directors?

#### **B.4 Remuneration**

How effective are the procedure(s) for developing policy on executive remuneration and for determining the remuneration of individual directors?

## **B.5 Accountability and audit**

- a) Do the public statements present a balanced and understandable assessment of the company's position and prospects?
- b) Is there an annual review by the board of the effectiveness of internal controls?
- c) How effective is the audit committee?

## **B.6 Dialogue with stakeholders**

- a) Is there satisfactory dialogue with stakeholders?
- b) Does the board keep in touch with shareholders or in the case of state bodies is there appropriate contact and communication with the relevant Minister/Government Department in relation to:
  - i) the requirement to confirm compliance with the Code;
  - ii) compliance with centrally determined rates of remuneration;
  - iii) the adoption of public sector code on procurement and disclosure of interests?
- c) Does the board make effective use of the annual general meeting?

## Annex C (normative)

### Assessor qualifications and other conditions

**C.1** In order to qualify for appointment as an Assessor the following a) to c) is required. An applicant for appointment as Assessor shall make an application in such form and with such fee to such person as the Oversight Committee shall determine.

a) the Assessor

- 1) Shall have been employed in relevant work by a person who was a member of a body referred to in C.1 a) 2) or 3) or 4) below or has practised as an Assessor, and has obtained adequate relevant experience and knowledge of the regulation applicable to the assessment of directors of companies (including a comprehensive knowledge and understanding of the **[A1]** Code(s) **[A1]**), and, in the opinion of the Oversight Committee, is a fit and proper person to act as an Assessor,

OR

- 2) Shall be a member of a body of accountants recognised by the Oversight Committee,

OR

- 3) Shall be a member of the Law Society or Barrister at Law of Ireland,

OR

- 4) Shall be a member of such other professional body as the Oversight Committee may from time to time recognise for the purposes of this Annex,

AND

b) shall have at least five years experience in a senior Management capacity and/or experience as a director of a company in the private, public or voluntary sectors,

AND

c) shall have undertaken and successfully completed such additional course of affirmation in Corporate Governance Assessment skills as the Oversight Committee may require.

**C.2** No person shall act as an assessor for a period in excess of three years unless re-affirmed as an Assessor in accordance with this Annex.

**C.3** A person shall not be qualified for appointment as an Assessor unless he/she holds insurance indemnity cover relating to him/her (and to any servant or agent employed or engaged by him/her) provided by a qualified insurer pursuant to a contract of insurance or to written terms of membership of a mutual fund, against losses and claims arising in respect of civil liability incurred by the person insured in respect of any act or omission by him, his servants or agents in the conduct of the assessment of the Entity concerned.

**C.4** If, while acting as Assessor of a particular company, a person ceases to be qualified for appointment to the position of Assessor, he/she shall thereupon vacate his/her office forthwith and give notice in writing within 2 days to the Entity in question in respect of which he/she was appointed to act.

**C.5** None of the following persons shall be qualified to be appointed or act as an Assessor;

- a) a person who is, or who has within 24 months prior to the commencement of the assessment, been an officer or servant of the Entity seeking a Corporate Governance Assessment,
- b) a parent, spouse, brother, sister or child of an officer of the Entity seeking a Corporate Governance Assessment,
- c) a person who is a partner or in the employment of an officer or servant of the Entity seeking a Corporate Governance Assessment,
- d) a person who is not qualified, by virtue of this subhead for appointment as Assessor of any other body corporate which is that Entity's subsidiary or holding company or a subsidiary of that Entity's holding company, or would be so disqualified if the body corporate were a company.

References in this C.5 to an officer or servant of the Entity include references to an auditor.

**C.6** An Assessor, and where appropriate, their employer, shall not have any other business relationship with the Entity seeking a Corporate Governance Assessment and shall be restricted from such a relationship for a period of two years from the date of the assessment report.

**C.7** The Oversight Committee as described in Annex F will approve such additional course of affirmation in Corporate Governance Assessment skills (pursuant to C.1 c) above) provided by third parties to be agreed with the Association of Accredited Certification Bodies.

**C.8** Any company seeking a Corporate Governance Assessment will be provided with an Assessor from a list retained in such manner as the Oversight Committee shall determine. The contract for the Corporate Governance Assessment shall be between the Certification Body and the Entity. Any proven breach of confidentiality will result in the immediate suspension of the Assessor from the list of Assessors.

**C.9** A person who is appointed as an Assessor to a Entity shall be under a general duty to carry out such agreed assessment services with professional integrity and to maintain strict confidentiality with regard to any information revealed or discovered by him/her as Assessor in the conduct of his/her assessment and further to include in his/her assessment such information and/or opinions as are necessary for the assessment.

The final report of the Assessor and any preliminary drafts of the Corporate Governance Assessment shall be revealed only to the members of the board of the Entity and to such other parties/stakeholders as shall be agreed in the contract between the Certification Body and the Entity.

## Annex D (normative)

### [A1] Sample [A1] Corporate Governance final report template

#### D.1 Objectives of Assessment

The purpose of this section of the report is to reiterate the underlying objective of this document on Corporate Governance. It should not be broader or narrower than that, nor should it reflect specific objectives of the Entity in question.

#### D.2 Scope of the Assessment

##### D.2.1 General

This section shall outline what was assessed and shall reflect the core issues addressed within this document. A suggested breakdown of the scope is as follows:

##### D.2.2 Board composition

This shall cover [A1] the requirements of the relevant Code including requirements within the Code pertaining to committee membership. [A1]

##### D.2.3 Board processes

Processes related to the underlying mechanisms used by the board. This section shall include the following:

- terms of reference (board and committee),
- matters/decisions reserved for the board/Management,
- board meeting processes,
  - frequency of meetings,
  - board agendas,
  - conduct of meetings,
- committee meetings,
  - frequency of meetings,
  - committee agendas,
  - conduct of meetings,
- decision making process,
- information flows (between Management and the board and between the board and stakeholders),

- frequency,
- timing.

#### **D.2.4 Corporate Governance execution**

This covers board activities as distinct from board processes, see D.2.3:

- board oversight of system of internal control,
  - work of the audit committee,
  - key risk indicators,
  - risk assessments,
- board oversight of corporate financial information,
  - audit committee,
  - key performance indicators,
- board appointments/re-elections and terminations,
  - work of the nomination committee,
- director induction and professional development,
- performance evaluation,
- setting director remuneration,
  - work of the remuneration committee.

### **D.3 Assessment**

#### **D.3.1 Review of board documentation**

This section shall outline all of the documentation reviewed prior to commencement and post interview process.

#### **D.3.2 Review of completed questionnaires**

This section shall explain the rationale for/objective of the questionnaire – what it covers and what it shall demonstrate/highlight.

#### **D.3.3 Interview process**

This section shall outline the number of interviews undertaken and with whom. It shall begin with a brief outline of the objective/rationale for the interviews.

**D.3.4 Review of governance procedures/information flows (on which the board relies)**

This is a critically important section in that it covers the areas delegated by the board to Management and the information from Management that it relies on to ensure that the procedures are being followed. It will reflect the processes reviewed to test D.2.4. This shall include:

- key risk indicators,
- key performance indicators,
- reports from the nomination committee to the board,
- reports from the audit committee to the board,
- reports from the remuneration committee to the board,
- reports from internal auditor to the board,
- reports from risk department (if applicable) to the board,
- reports from the chief executive and chief financial officer to the Board.

**D.4 Findings and implications**

It is suggested that this section takes the form of a table as in Table D.1.

**Table D.1 — Findings and implications**

Item	Findings	Implications	Ref:

This section shall set the context for D 5.

## D.5 Overall Assessment Rating

This section provides an **A1** example **A1** “Overall Assessment Rating” for each of the Main Principles contained in the Combined Code (see 5.3). An example is given in Table D.2.

**Table D.2 — Example for Overall Assessment Rating**

Core competency		Assessment rating (0 to 4)	Assessment average
Main principles			
<b>A. The Company</b>			
1	A.1 The Board	4	
2	A.2 The Chairman and CEO	4	
3	A.3 Board balance and independence	4	
4	A.4 Appointments to the Board	2	
5	A.5 Information and Professional Development	2	
6	A.6 Performance Evaluation	2	
7	A.7 Re-election	2	
<b>B. Remuneration</b>			
8	B.1 Level and Make-up of Remuneration	3	
9	B.2 Remuneration Procedure	3	
<b>C. Accountability and Audit</b>			
10	C.1 Financial Reporting	4	
11	C.2 Internal Control	4	
12	C.3 Audit Committee and Auditors	4	
Rating		3.17	

## D.6 Recommendations to the board

This section shall stem directly from Section D.4 and shall provide recommendations, where applicable, on how the governance framework might be improved (e.g. in line with the Combined Code/Code of Best Practice for State Bodies). Taking the reference numbers from the Table D.1, recommendations shall be made as follows:

**Table D.3 — Recommendations to the Board**

Ref:	Recommendation

**Annex E**  
(informative)

**Links to Governance Codes**

**E.1 OECD Principles of Corporate Governance 2004**

[www.oecd.org/dataoecd/32/18/31557724.pdf](http://www.oecd.org/dataoecd/32/18/31557724.pdf)

**E.2 The Combined Code on Corporate Governance 2008**

[www.frc.org.uk/corporate/combinedcode.cfm](http://www.frc.org.uk/corporate/combinedcode.cfm)

**E.3 Code of Practice for the Governance of State Bodies 2009**

[www.finance.gov.ie/documents/publications/other/codeof practice.pdf](http://www.finance.gov.ie/documents/publications/other/codeof practice.pdf)

**[A1] E.4 Such additional Code(s) as may be approved by the Oversight Committee from time to time [A1]**

**Annex F**  
(informative)

**Oversight Committee**

The Oversight Committee shall be comprised of representatives of the primary corporate governance bodies, nominated by the Certification Bodies.

The Oversight Committee will approve courses in affirmation in corporate governance assessment skills and review the guidelines for the assessment process on a regular basis and will arrange for the maintenance of a list of currently appointed Assessors.

In addition it will approve the appeals procedure (referred to in 5.2.6) as follows;

Any Entity that forms the opinion that an Assessment issued by an Assessor, in respect of that Entity's Corporate Governance, is unfair or inaccurate may initiate an appeal or refer the matter to arbitration. The procedures for such an appeal or arbitration will be determined by the Oversight Committee in consultation with the AACB (Association of Accredited Certification Bodies).

The Oversight Committee shall determine its own terms of reference and modus operandi.