Appendix 4
The Irish Corporate Governance Annex

Introduction

Euronext Dublin recognises that the UK Corporate Governance Code (formerly the Combined Code) has set the standard for corporate governance internationally. It is regarded as being the pre-eminent corporate governance code and is widely emulated. Since the 1995 Irish Stock Exchange Act, the Listing Rules of Euronext Dublin have required every company listed on the Main Securities Market to state in its annual report how the principles of the Combined Code have been applied and whether the company has complied with all relevant provisions. Where a company has not complied with all relevant provisions of the UK Corporate Governance Code (the 'UK Code') it is required to set out the nature, extent and reasons for non-compliance. Although it is more for the market to comment on the adequacy of the disclosures that companies make, as noted in the report commissioned by Euronext Dublin and IAIM in early 2010, companies could do more to enhance the quality and meaningfulness of the corporate governance disclosures in the Annual Reports.

Euronext Dublin is conscious of the work that has been undertaken by companies to apply the provisions of the Combined Code and believes that dispensing with the provisions of the UK Code in order to implement an Irish code would not serve the market or shareholders well at this time. Euronext Dublin accepts that it is both appropriate and desirable to retain the provisions of the UK Code going forward. However, given the particular focus on corporate governance in the Irish market, Euronext Dublin also believes that the recommendations arising from the report commissioned by Euronext Dublin and IAIM in early 2010 provide a valuable addition to the corporate governance regime in Ireland.

The Irish Corporate Governance Annex (the 'Irish Annex') is addressed to companies with a primary equity listing on the Main Securities Market of Euronext Dublin. The Irish Annex implements the nine recommendations arising from the report commissioned by Euronext Dublin and IAIM in early 2010.

The Irish Annex also includes interpretative provisions for companies that are of an equivalent size to companies that are included in the FTSE 100 and FTSE 350 indices.

Euronext Dublin will regard a company as being a "smaller company" where its market capitalisation is less than €1 billion, calculated by taking the average market capitalisation throughout the company's financial year prior to the reporting year. Euronext Dublin will regard a company as being of an equivalent size to a company included in the FTSE 350 index where at the start of the company's financial year it is admitted to trading on the Main Securities Market and has an average market capitalisation throughout the company's financial year prior to the reporting year of €1 billion or above. Euronext Dublin will regard a company as being of an equivalent size to a company included in the FTSE 100 Index where at the start of the company's financial year it is admitted to trading on the Main Securities Market and it has an average market capitalisation throughout the company's financial year prior to the reporting year of €2.5 billion or above.

Where companies diverge from the provisions of the UK Code or the Irish Annex, Euronext Dublin expects companies to include explanations that more clearly reflect the environment within which they operate and provide a rationale for the divergence. Where a company does not comply with a provision of the UK Code or the Irish Annex 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. Where a company has decided not to implement a particular provision it should clearly outline its rationale.

Companies should provide meaningful descriptions of how they apply the provisions of the UK Code and the Irish Annex. Companies should move away from the practice of recycling descriptions that replicate the wording of the UK Code or Irish Annex's provisions and provide informative disclosures that will provide shareholders with greater insight into the company and the environment in which it operates. Companies should also avoid the practice of copying wording contained in the corporate governance disclosures year on year as this practice does not reflect compliance with the spirit of the UK Code or the Irish Annex. This should not be interpreted as imposing an obligation on companies to change the wording of their corporate governance disclosures simply for the sake of change. However, companies should always have considered whether the circumstances have remained sufficiently constant that no wording changes are required.

Specific Provisions

Board Composition

Companies should in the Annual Report:

1.1 Outline the rationale for the current board size and structure, explaining why the company believes it to be appropriate and provide details of any planned or anticipated changes to the board size or structure;

1.2 Where the requirements of provision B.1.2 of the UK Code have been met, explain why the company regards the number of non-executive directors appointed to the board as sufficient;

1.3 Set out how the specific skills, expertise and experience of the board are harnessed to best effect in addressing the major challenges for the company;

1.4 Where a company has diverged from the requirements of provision B.1.2 of the UK Code, give a reasoned explanation for the departure;

The section of the Annual Report including the Directors' biographies should include:

1.5 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;

1.6 A detailed description of the skills, expertise and experience that each of the directors brings to the board;

1.7 Where a company has directors who have been nominated by shareholders or government, a reasoned explanation for such appointments including a description of the skills and expertise these directors bring to the board as provided by the shareholders or government (as applicable) or a statement that no such description has been provided to the company.

Board appointments

2.1 In order that shareholders can assess the effectiveness of the nomination committee, companies should include an explanation, for each new appointee, of the process followed by the nomination committee in identifying a pool of candidates and selecting and recommending the candidate. Where the company has used external search agencies and advertising to identify candidates this fact should be made clear in the Annual Report or issuers should provide an appropriate negative statement.

Board evaluation

Companies should in the Annual Report:

3.1 State the objective and scope of the evaluation review, the methodology applied and the rationale for this methodology;

3.2 Within the statement made under paragraph 3.1, make a distinction between the evaluation of the board process, of individual directors and of the collective board strength. The statement should also specify when the most recent externally facilitated performance evaluation was undertaken, if applicable, or when the board expects to engage an external facilitator;

3.3 In circumstances where the process is one of self-evaluation, the board should include an explanation of the steps that were included in the methodology to achieve as robust and objective an approach as possible.

Board Re-election

Companies should in the Annual Report:

4.1 State the board's general policy for board renewal;

4.2 For those directors falling within scope of the list of circumstances set out in B.1.1 of the UK Code, set out what factors the board took into account when determining that a director should be regarded as independent.

Audit Committee

5.1 Companies should include a meaningful description of the work carried out by the audit committee during the financial year. Issuers should not simply recycle the committee's terms of reference, which are required to be made available to investors in accordance with provision C.3.3 of the UK Code.

5.2 The description should, in particular, explain the work done by the Committee relating to the oversight of risk management on behalf of the board[1]. If the board has assigned work on risk management to a specific risk committee, a meaningful description of the work carried out by that committee should also be included.

Remuneration

6.1 Companies should provide a clear and meaningful description of their remuneration policy and not simply recycle the remuneration committee's terms of reference year on year.

6.2 Companies should provide the information contained within paragraph 1.6 above for each member of the remuneration committee, in relation to that committee, to the extent not already provided under paragraph 1.6.

6.3 Where the remuneration policy includes variable components of remuneration, companies should describe the components of bonus or other variable elements of remuneration and disclose what components of variable compensation are deferred and for how long.

6.4 Companies should describe any arrangements that are designed to achieve the recovery of variable compensation awarded on the basis of assessments or data which are subsequently found to be materially inaccurate or provide an appropriate negative statement.

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1 Section 91(6)(b) of SI 2010/220 - The European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 requires that for public interest entities, the responsibilities of Audit Committees "shall include… the monitoring of the effectiveness of the entity's systems of internal control, internal audit and risk management".

6.5 In line with Schedule A of the UK Code, companies should describe the vesting periods for shares forming part of a director's remuneration (or otherwise awarded to the director in connection with or by reason of his being a director or employee) and such terms should not allow for vesting for at least three years after the award. Share options, or any other right to acquire shares or to be remunerated on the basis of share price movements, should not be exercisable for at least three years after the award.

The Irish Stock Exchange plc, trading as Euronext Dublin, is regulated by the Central Bank of Ireland.