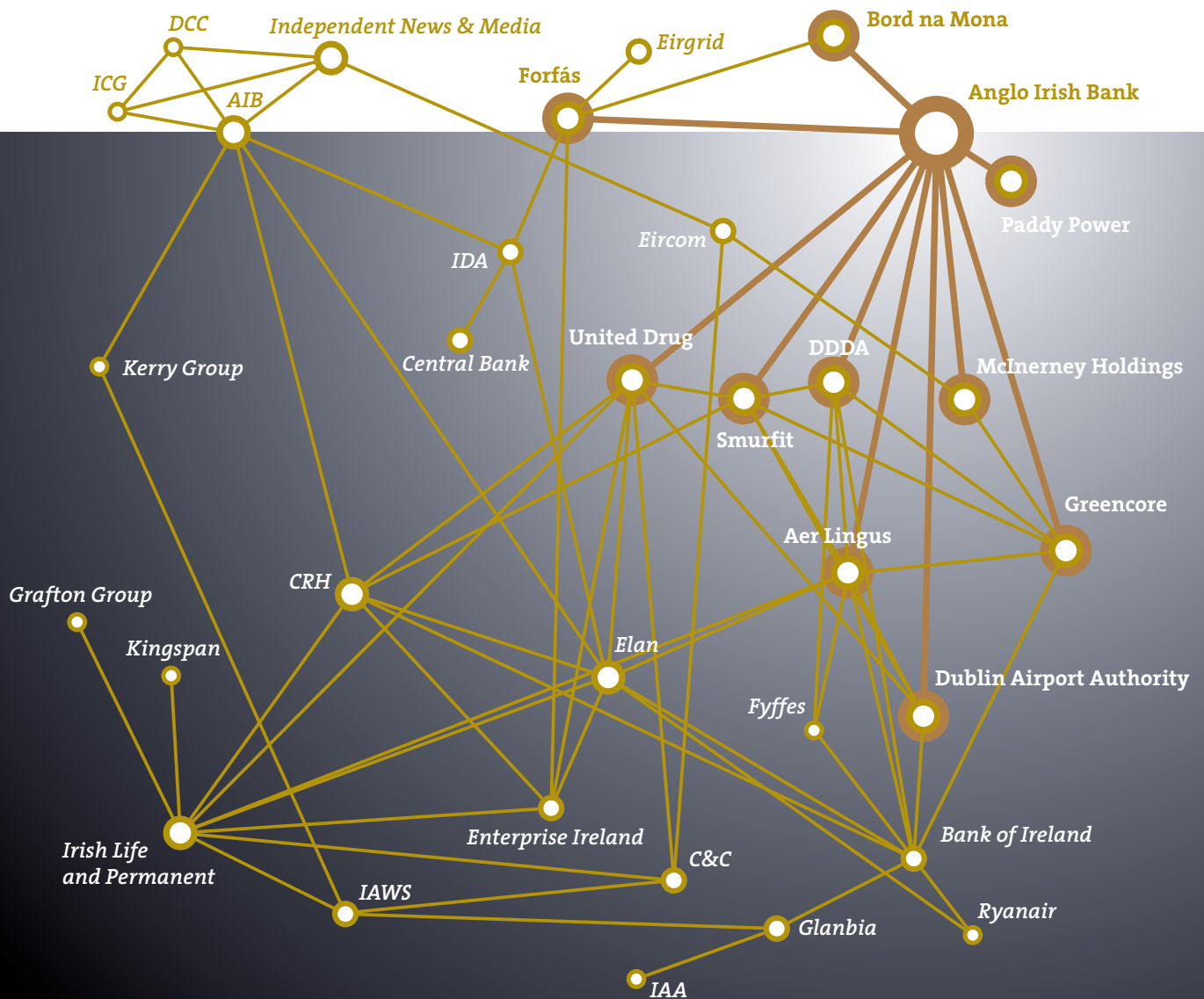




Mapping the Golden Circle

Paula Clancy, Nat O'Connor & Kevin Dillon



ISBN 9781848400733

©TASC, May 2010
Mapping the Golden Circle
First published May 2010 by



TASC, 13 – 17 Dawson Street, Dublin 2
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Price: €10

The authors have asserted their moral rights

Design by Austin Butler and Brian O'Connor
Printed in Ireland by Spectrum Print Logistics

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Acknowledgements

A number of people contributed to the development and preparation of this report. Our particular thanks go to Peter Connell for his invaluable assistance with the design of the data collection methodology. Christine Koch spent many, many weeks gathering and inputting data and preparing early analysis of the material, working for a period with David Lundy. We are very grateful for their detailed and meticulous work and the patience, good humour and intelligence with which it was approached.

We would also like to express our appreciation to members of the TASC Economists' Network, in particular Paul Sweeney and Jim Stewart, who read and commented on drafts of the report, as did Damian Tobin of the University of London. Their helpful and insightful comments and suggestions allowed us to strengthen the report's content.

As always in TASC, colleagues have been enormously helpful. Our thanks go, in particular, to TASC Head of Policy Sinéad Pentony who read and commented on the report.

Any errors are, of course, the sole responsibility of the authors.

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Glossary

EXPLANATION OF TERMS USED IN THIS REPORT

Board of Directors: The board of directors is the highest decision-making forum of an organisation, whether it is a private company or State-owned body. Boards typically comprise both executive members and non-executive members, with different roles assigned to each.

CEO: The Chief Executive Officer is essentially in charge of the company on a day-to-day basis, setting out policy and bearing responsibility for results. CEOs are typically ex-officio members of the board of directors in the private sector, although this varies in State-owned bodies.

Chairperson: The chairperson of the board is typically a non-executive director charged with guiding and facilitating the board of directors in carrying out its duties.

Combined Code on Corporate Governance: The current framework of Corporate Governance for listed companies is that outlined by the Finance Reporting Council (FRC) in the UK. The Irish Stock Exchange requires its listed companies to follow the UK Code. The Combined Code operates on a ‘comply or explain’ basis rather than mandatory adherence; that is, in their annual reports, companies are expected to provide a justification and explanation for any deviation in their activities from the provisions of the Code.

Corporate Governance: The framework of rules and practices by which a board of directors directs an organisation. This includes the board’s role in ensuring accountability, fairness and transparency in the firm’s relationship with all its stakeholders.

Cross-Directorships: While sometimes used to mean the same thing as holding multiple directorships, this report takes the more specific definition of cross-directorships as meaning a situation where a director from company A becomes a member of the board of company B, and a different director from company B becomes a director of company A.

Director Network: This term is developed in the report to refer to the existence of a small number of directors in 40 of Ireland’s top private companies and State-owned bodies who hold multiple directorships on the boards of these 40 organisations. Within the Director Network, a smaller group of the eleven most well-connected directors is also identified on the basis of the extent of their links to other directors and/or organisations in the study.

Executive Directors: Members of the executive management of a company, responsible for its day-to-day running. Frequently, a number of executive directors serve on the board in addition to the CEO.

‘Groupthink’: This is a well-recognised psychological phenomenon that occurs when small groups are involved in making decisions. Groupthink is when conclusions are reached and/or decisions are made, which ignore alternative or contrary evidence, as a result of a group’s desire to reach consensus. A major contributing factor to groupthink is where group members all, or mostly, come from similar backgrounds.

Higgs Review: A detailed UK report outlining the expected role and conduct of non-executive directors, published in 2003.

Independence of Non-Executive Directors: Some, if not all, non-executive directors are expected to be independent of the organisation on the board of which they are a member. Sample criteria for independence include having no family or personal ties to members of the organisation's executive, having no business ties to the organisation, and not having been an employee of the organisation in the past.

Interlocking Boards: This report develops this term to refer to the situation where the board of directors of two organisations are linked through the presence of one or more directors who sit on both boards simultaneously.

'Light Touch' Regulation: A system of rules that avoids legal requirements and sanctions for company compliance and hence relies to a large degree on voluntary codes and/or 'self-regulation'.

Multiple Directorships: Simultaneously holding two or more directorships in separate companies.

Non-Executive Director: Non-executive directorships are usually part-time positions on the board of a company and, as the name implies, do not have executive management responsibilities. Non-executive directors are charged with defending the interests of the organisation and its stakeholders by providing an independent perspective and advice to the executive of the company as well as scrutinising their actions.

Public Interest: We define the public interest as the well-being of the general public, including marginalised sub-groups, and ensuring that the actions of organisations in the economy and society promote this well-being, or at least do not negatively impinge upon it.

Public Interest Companies: The term 'public interest companies' is a label applied to private companies and State-owned bodies whose effect on the economy is sufficiently large that their actions are considered to be of significant public interest.

'Shareholder Value': One way of measuring a company's value is in terms of its net present value; that is, by subtracting its debts from certain of its assets. According to proponents of shareholder value, any 'surplus' value should accrue exclusively to shareholders.

Stakeholders: Stakeholders are all of those with a 'stake' or interest in the activities and results generated by an organisation. Example stakeholders include customers, employees, shareholders and the wider public who may be affected by an organisation's actions.

Short-Termism: A perspective that emphasizes short-term growth and/or profit over long-term impacts on the performance of an organisation.

Top 40 Companies: This report focuses on 26 private companies and 14 State-owned bodies which were identified as important to the Irish economy.

Walker Review: A review of Corporate Governance structures in the UK's financial sector in the aftermath of the banking crisis, published in November 2009.

Report Summary

- A network of 39 individuals held powerful positions in 33 of 40 top public organisations and private Irish businesses in three of the critical Celtic Tiger years (2005-2007), and held more than 93 directorships between them in these companies during this period; as well as an average of ten directorships each in other companies.
- Focused on the years 2005-2007, the research shows that each of the 39 members of this 'Director Network' held multiple directorships on at least two boards across 33 of the 40 companies concerned.
- More than a quarter (eleven) of the 39 members of the Director Network were particularly well-connected. They had ten or more links, via these multiple directorships, to other members of this Network and/or sat on three, four or even five boards of the top 40 companies simultaneously.
- In addition to holding multiple directorships, a significant proportion of the Director Network held very senior full-time positions, either as CEOs or executive directors or equivalent positions.
- Over half of the members of the Director Network held board positions in at least one of Ireland's four largest financial institutions: Anglo Irish Bank, AIB, Bank of Ireland and Irish Life and Permanent. The three most tightly-interwoven of all 40 boards were all financial institutions.
- The two major issues arising from the research are:
 - The degree to which holding multiple functions and responsibilities may militate against the necessary attention required by any individual business or activity;
 - The implications of a concentration of directorial responsibilities for the independence of boards and for corporate governance generally.
- The research demonstrates a significant lack of diversity among members of the Director Network; for example, only one in nine directors was a woman. Severe gender imbalance and similarities in world view and experience may lead to persistent 'groupthink'; that is decision-making that ignores alternative evidence as a result of a group's desire to reach consensus. One major contributing factor to this is where group members all come from similar backgrounds.
- The research found a trend of excessive remuneration; for example in 2005-2007 remuneration for the CEOs of both private companies and State-owned bodies increased by more than 40 per cent on average, while inflation was at 9.1 per cent for both years combined.
- The problems of corporate governance identified by the research signal that Ireland cannot afford to go back to 'business as usual'. The report argues that a new, statutory framework is required to ensure good corporate governance in private companies and State-owned bodies. This report outlines a number of elements of such a system which would shift the focus from the failed notion of 'shareholder value' to real stakeholder involvement.

1. Overview

1.1 In Ireland as elsewhere, sudden economic decline combined with the dramatic collapse of the banking system has focused attention on ‘a golden circle’, a small number of board directors (and others), operating at the highly lucrative apex of Irish business. A strong perception existed well before the present economic crisis that Ireland is run by a small pool of well-connected individuals sitting on the boards of Ireland’s top companies. Focusing primarily on the years 2005-2007, this research briefing tests this perception with regard to a group of 40 top companies. The research examined the annual reports of 26 private companies, all but two of which are quoted on the Irish Stock Exchange, and 14 of the most economically-important State-owned bodies. We find that there is a small group of 39 individuals who held multiple directorships in these 40 companies. Over three-quarters of the companies under review had Interlocking Boards; that is these companies had directors who were members of two or more boards simultaneously.

The evidence shows:

- *A ‘Director Network’ of 39 individuals who held multiple directorships on at least two boards across 33 of the 40 companies examined;*
- *These represented one in 14 (seven per cent) of the total group of directors serving on these boards during the period under review;*
- *A group of eleven directors were the most well-connected; that is, they had the most number of links to other directors and/or they sat on three, four or even five boards simultaneously.*

1.2 The first of two major issues that arises when the question of multiple directorships is considered is that directors may find themselves to be overextended and perhaps unable to give the necessary attention to any individual business or activity as a consequence of holding multiple functions and responsibilities.

The evidence shows:

- *The 39 members of the Director Network had more than 93 directorships between them on the 33 Interlocking Boards;*
- *On average each was a member of the board of ten other companies outside the 40 top companies;*
- *The total number of these additional directorships was 398;*
- *A significant proportion of the Director Network held senior full-time positions either as CEOs, executive directors or equivalent.*

1.3 The second major issue is that of directors’ independence. The question of directors’ independence is difficult to assess. However, the extent of multiple directorships found and the linkages that these generate is such that there is a risk that board members’ loyalties may be divided between the different bodies on whose boards they sit.

The evidence shows:

- *Through a relatively small number of individuals, more than four out of five (80 per cent) of the top 40 companies were directly linked;*
- *On average, each of the 40 top companies was linked via shared directors to three or four other top companies;*

2

- *In 2007, close to a quarter (23 per cent) of non-executive directorships in the 33 Interlocking Boards were held by the Director Network.*

1.4 Separate from the issue of multiple directorships is the potential problem of lack of diversity among board directors. Similarities in world view and experience risk persistent ‘groupthink’ which may diminish willingness to challenge decisions and may lead to a failure to understand and protect either the shareholders or the wider public interest. Members of the Director Network share a similar social and business background as do both the executives of the companies on whose boards they sit and their fellow directors.

The evidence shows:

- *In particular, women are significantly under-represented on the boards of these leading companies: just one in nine (11 per cent) of the 572 directors of the 40 top companies was a woman;*
- *The position was worse in the private sector, where only one in 14 directors was a woman (seven per cent);*
- *Women’s representation on boards was higher in the public sector, where one in five were directors (18 per cent);*
- *The Government’s guideline is for women to occupy 40 per cent of board positions on State boards. Thus women’s representation on the 14 most economically-important boards falls far short;*
- *All the available evidence shows a lack of diversity across other characteristics, such as social background, occupation and age.*

1.5 The Irish business environment, exemplified by a culture of excessive risk taking in key sectors, together with a system of so-called ‘light touch’ regulation, helped to foster a weak and inadequate system of corporate governance. Some of the resulting failures have contributed to the economic crisis in Ireland. A key contributor to this environment was the level of remuneration granted to board directors and senior management. We identified a high pay trend in the private companies reviewed well in excess of other high pay occupations. This high pay culture also appears to have affected companies at the centre of the recent banking crisis by promoting a culture of short-termism. Paying board directors high levels of pay should be examined as it may compromise their decision-making.

The evidence shows:

- *In 2007, board chairpersons of private companies were paid an average of €267,600 per position, while non-executive directors of these companies were paid an average of €66,769;*
- *Remuneration for CEOs of the boards of Ireland’s top private companies and State-owned bodies increased by 46 and 42 per cent respectively between 2005 and 2007, while non-executive directors’ pay in private companies increased by 23 per cent;*
- *This was far in excess of inflation (9.1 per cent for both years combined) and led to pay in absolute terms that was out of proportion to the rest of the economy;*
- *The average level of pay for CEOs in private companies was €1.6 million in 2007, which equated to 14 times the threshold for ‘high pay’ in the economy in 2007. This also equated to 136 times the poverty income threshold beneath which one in six households lived.*

- 1.6** Remuneration was particularly excessive in the financial sector, where it was perversely matched with some of the worst failures of corporate governance. The boards of a number of the publicly-listed financial sector companies, including companies such as Anglo Irish Bank, failed to prevent the excessive risk-taking which is at the root of Ireland's current economic crisis. Some of these companies have systemic importance in Ireland's economy so their failings have damaging outcomes beyond the individual companies and for the economy and society as a whole.

The evidence shows:

- *Over half of the members of the Director Network held board positions in at least one of Ireland's four largest financial institutions: Anglo Irish Bank, AIB, Bank of Ireland and Irish Life and Permanent;*
- *The three most tightly-interwoven boards among the top 40 companies were financial institutions: Anglo Irish Bank, Bank of Ireland and Irish Life and Permanent.*

- 1.7** Discussion of the private and public sectors is often conducted as if these are very distinct segments of our society and our economy. This study found that the reality is quite the opposite. In theory, there can be useful interaction between the two sectors and it is good practice to have people from a mixture of backgrounds on boards. However, State-owned bodies have at their core the protection and advancement of the common good. The governance of public sector organisations must be safeguarded from any possible conflict of interest that might arise in the event that directors on their boards have private interests which could compromise the interests of the State-owned company.

The evidence shows:

- *Multiple directorships connect seven of the 14 State-owned bodies to 12 of the 26 private companies;*
- *One in four members of the Director Network sat on the boards of both State-owned and private companies at the same time;*
- *Half or more of the Director Network have at some time engaged in public service either through board membership, political office or employment as a public servant.*

- 1.8** The principle of supplying high-quality information to facilitate well-functioning markets is widely accepted although, as evidenced by the 2010 Grant Thornton report, the reality falls very far short even amongst the publicly-listed companies included in our study. Furthermore, private companies not listed on the stock exchange are not bound by the same corporate governance rules. The promotion of well-functioning markets should not be the only criterion, and there needs to be a similar appreciation shown of the importance of this same information being made available in the public interest. In particular, State-owned bodies should operate transparently, so that the public can verify that these bodies are being managed in the public interest. However, this study found that in general State-owned bodies operated to a lower standard of reporting and provided less detail than listed companies, rather than conforming to the higher standard.

The evidence shows:

- *The annual reports of most State-owned bodies provided less transparency of information compared to the annual reports of those private companies listed on the Irish Stock Exchange.*

- 1.9** Publicly-listed companies in Ireland, as well as a number of other private companies, have an importance to the economy which makes their good governance of broad public interest. Some of them are referred to as ‘public interest companies’ in acknowledgement of this importance. The failures that prompted the recent focus on governance and regulatory failure have had a profound impact on the lives of ordinary people. Prioritising the public interest will require a fundamental reform of the Irish corporate governance system.

We argue:

- *The public interest must be safeguarded as part of the corporate governance of private and publicly-listed companies of major importance to the economy.*

Jack Welch, former chief executive of General Electric and for a long time the business world’s most admired manager, declared in 1981 that “the ultimate test of corporate strategy, the only reliable measure, is whether it creates economic value for shareholders.”

He recanted in 2009. “On the face of it, shareholder value is the dumbest idea in the world,” he said. “Shareholder value is a result, not a strategy... your main constituencies are your employees, your customers and your products.”

(Financial Times, March 2009)

1.10 Ireland must design a new system of corporate governance, based on best practice and defence of the public interest. At present, the Irish Stock Exchange requires listed companies to follow the UK Combined Code of Corporate Governance. This code, outlined by the Financial Reporting Council (FRC) in the UK, operates on a ‘comply or explain’ basis rather than requiring mandatory adherence. There is a growing political consensus in Ireland in favour of putting some elements of corporate governance on a legislative footing. These proposals include board composition and independence; segregation of CEO and chairperson; clear definition of executive and non-executive responsibilities; selection of non-executive directors; and sanctions for non-compliance. The recent failures of regulation and corporate governance demonstrate that the UK Combined Code is neither sufficiently robust in its requirements nor supported by adequate sanctions for non-compliance. The UK Combined Code is just one of a number of systems in use internationally.

While arguably no one set of rules is superior in its entirety, adoption of the best features from each could strengthen corporate governance in Ireland.

We argue:

- *The core features of Ireland’s system of corporate governance should rest on a new statutory basis;*
- *Based on the evidence from our research, a legal base for corporate governance is required to ensure: directors’ independence, directors’ capacity to fulfil their duties effectively, diversity of boards and limits on the remuneration of board members;*
- *These could include the following elements:*
 - *Substantially restricting the number of directorships an individual can hold, particularly when they hold significant executive responsibilities;*
 - *Reducing or eliminating the holding of cross-directorships;*
 - *Introducing a quota system, such as exists in Norway, to ensure that at least 40 per cent of board members are women;*
 - *Mechanisms for ensuring that interests of employees, consumers and the wider public are represented;*
 - *Rules governing decisions on remuneration and/or loans to directors or employees.*

- 1.11** Current Government reform proposals also include applying elements of the UK Combined Code to State-sponsored bodies. While this would be an improvement on current standards in relation to transparency, State-owned bodies should be subject to stricter corporate governance because of their primary concern with the public interest. **5**

We argue:

- *An independent system of appointments to all State-owned bodies should be introduced (see TASC's forthcoming detailed proposals);*
- *Clear, complete information on the operation of all State-owned bodies should be publicly available.*

- 1.12** The problems that our research have identified signal that we cannot afford to go back to 'business as usual', by making merely cosmetic changes to the codes that govern corporate governance. Irish society is struggling to deal with the consequences of poor corporate governance, evident in the bailout of financial institutions (many of which feature in this report). These bailouts will place a substantial burden on society for years to come. Ireland must now make a fundamental shift towards enforcing legal compliance with corporate governance rules designed to protect the public interest. Constructing a new regime of corporate governance in Ireland must rest on a fundamental shift from the failed notion of 'shareholder value' to real stakeholder involvement. Ireland's corporate governance system must be governed by stricter and more transparent rules to safeguard the interests of citizens affected by the behaviour of these companies.

2. Mapping the Golden Circle

- 2.1** This research is designed to test the assumption that Ireland's top companies are run by a small pool of well-connected individuals sitting on their boards, and to investigate the extent to which the presence of such a pool could undermine the corporate governance of some of the Irish economy's major players. It should be noted that this study presents only one method of identifying and analysing the presence of a well-connected group of individuals on the boards of some of Ireland's top private companies and State-owned bodies. Due to the lack of information available on other sectors of the economy, this research provides a snapshot of a wider 'golden circle' that is yet to be fully mapped. Nevertheless, it provides an important development in the quantitative and systemic analysis of the evidence underlying the long-standing perceptions about this area of Irish business practice.
- 2.2** The boards of 40 companies over the period 2005 to 2007 are examined. Details of each of these bodies are set out in Table 1. In summary, 26 are among the top private companies, and all but two are quoted on the Irish Stock Exchange; 14 are in State ownership. For purposes of this briefing, the terms 'private companies' and 'State-owned bodies' will be used respectively. More information on the methodology for the study, including the rationale for company selection, can be found in Appendix 1.
- 2.3** Over three-quarters of the companies under review (33 out of 40) had 'Interlocking Boards'; that is, these companies had directors who were members of two or more boards simultaneously during the period 2005-2007, representing seven per cent of those who served as directors on the 40 boards in the period 2005 to 2007. A total of 39 directors were simultaneously members of two or more of the boards under examination. As a shorthand, this group will be termed the 'Director Network'.
- 2.4** It should be noted that this research examines the evidence of multiple directorships and the potential problems that may result for good corporate governance. While individual directors are named in this report, there is no suggestion that they were in any way in breach of their statutory or moral obligations in their capacity as directors of multiple companies.
- 2.5** Through the existence of the Director Network, companies are linked together. Each director acts as a bridge between two or more of the major companies under examination, and the combined linkages through several directors meant that some companies had a large number of links via shared directors to other companies within the top companies. For example, Anglo Irish Bank was linked to ten other companies through having directors from its board simultaneously sitting on other boards. Figure 1 (overleaf) illustrates the linkages between the companies through the Director Network and Table 2 gives the number of links per company.

TABLE 1 – Information on the 40 companies in this study

| ORGANISATION | INTERLOCKING BOARDS | STATUS OF COMPANY 2005 – 2007 | YEAR ESTABLISHED | EMPLOYEES 2007 (IRISH TIMES, JUNE 6 2008) | TURNOVER/BUDGET/ OPERATING INCOME (BANKS) 2007 €M | IRISH TIMES TOP 1000 COMPANIES LISTINGS, 6 JUNE 2008 | IRISH TIMES TOP 80 FINANCIAL COMPANIES LISTING, JUNE 6 2008 |
|----------------------------|---------------------|-------------------------------|------------------|---|---|--|---|
| Aer Lingus | ✓ | PLC | 1936 | 3,600 | €1,285 | 37 | |
| AIB | ✓ | PLC | 1966 | 24,000 | €4,868 | | 3 |
| Anglo Irish Bank | ✓ | PLC | 1964 | 1,700 | €1,761 | | 5 |
| Bank of Ireland | ✓ | PLC | 1783 | 16,000 | €4,120 | | 2 |
| C&C | ✓ | PLC | 1937 | 1,800 | €739 | 76 | |
| CRH | ✓ | PLC | 1970 | 92,000 | €21,000 | 1 | |
| DCC | ✓ | PLC | 1976 | 8,000 | €4,046 | 9 | |
| Dragon Oil | X | PLC | 1971 | 750 | €597 | 115 | |
| Eircom | ✓ | PLC | 1999 | 7,725 | €1,192 | 27 | |
| Elan | ✓ | PLC | 1969 | 600 | \$516.4 | 95 | |
| Fyffes | ✓ | PLC | 1880 | 4,500 | €550 | 91 | |
| Glanbia | ✓ | PLC | 1997 | 5,100 | €2,207 | 22 | |
| Grafton Group | ✓ | PLC | 1902 | 10,000 | €3,205 | 13 | |
| Greencore | ✓ | PLC | 1991 | 8,430 | €1,267 | 39 | |
| IAWS (Aryzta) | ✓ | PLC | 1988 | 3,100 | €1,907 | 28 | |
| ICG | ✓ | PLC | 1972 | 600 | €356 | 138 | |
| Independent News and Media | ✓ | PLC | 1904 | 11,000 | €1,674 | 30 | |
| Irish Life and Permanent | ✓ | PLC | 1999 | 1,600 | €1,152 | | 6 |
| Kerry Group | ✓ | PLC | 1972 | 23,000 | €4,788 | 8 | |
| Kingspan | ✓ | PLC | 1970 | 3,200 | €1,863 | 29 | |
| McInerney | ✓ | PLC | 1909 | 1,000 | €633 | 79 | |
| Paddy Power | ✓ | PLC | 1988 | 1,468 | €279 | 177 | |
| Ryanair | ✓ | PLC | 1985 | 5,000 | €2,714 | 21 | |
| Smurfit | ✓ | PLC | 1934 | 40,000 | €7,272 | 4 | |
| Tullow Oil | X | PLC | 1985 | 45 | €639 | 59 | |
| United Drug | ✓ | PLC | 1948 | 525 | €1,584 | 32 | |
| An Post | X | State | 1984 | 9,900 | €884 | 57 | |
| Bord Gais | X | State | 1976 | 900 | €1,215 | | |
| Bord Na Mona | ✓ | State | 1946 | 1,750 | €290 | 168 | |
| Central Bank | ✓ | State | 1943 | NA | €1,519 | | |
| CIE | X | State | 1945 | 12,250 | €785 | 66 | |
| DDDA | ✓ | State | 1997 | 46 | €37.6 | | |
| Dublin Airport Authority | ✓ | State | 1937 | 3,163 | €623.3 | 83 | |
| Eirgrid | ✓ | State | 2001 | 225 | €290.4 | | |
| Enterprise Ireland | ✓ | State | 1998 | NA | €280 | | |
| ESB | X | State | 1927 | 6,692 | €1,501 | 15 | |
| FÁS | X | State | 1988 | NA | €1,071 | | |
| Forfás | ✓ | State | 1994 | NA | €79 | | |
| IDA | ✓ | State | 1949 | NA | €183 | | |
| Irish Aviation Authority | ✓ | State | 1994 | 700 | €154.2 | | |

Source: Annual Reports, Irish Times listings (6 June 2008), our analysis (re Interlocking Boards).
NA = Information was not available.

2.6 In order to illustrate the connections between Interlocking Boards and between individuals with multiple directorships within those boards, a network analysis was undertaken. This involved creating diagrams with either companies or individuals as points, and lines showing links between them. For example, in Figure 1, Anglo-Irish Bank and Bord na Mona are presented as points in the top right-hand corner. The line connecting these two companies illustrates the fact that one individual sat on both boards simultaneously at some point during the period 2005 to 2007. Similarly, in Figure 2, each point illustrates a named director and each link between two directors indicate that the individuals were both board members of at least one of the companies at the same time, during all or part of the period 2005 to 2007.

FIGURE 1 – The Interlocking Boards

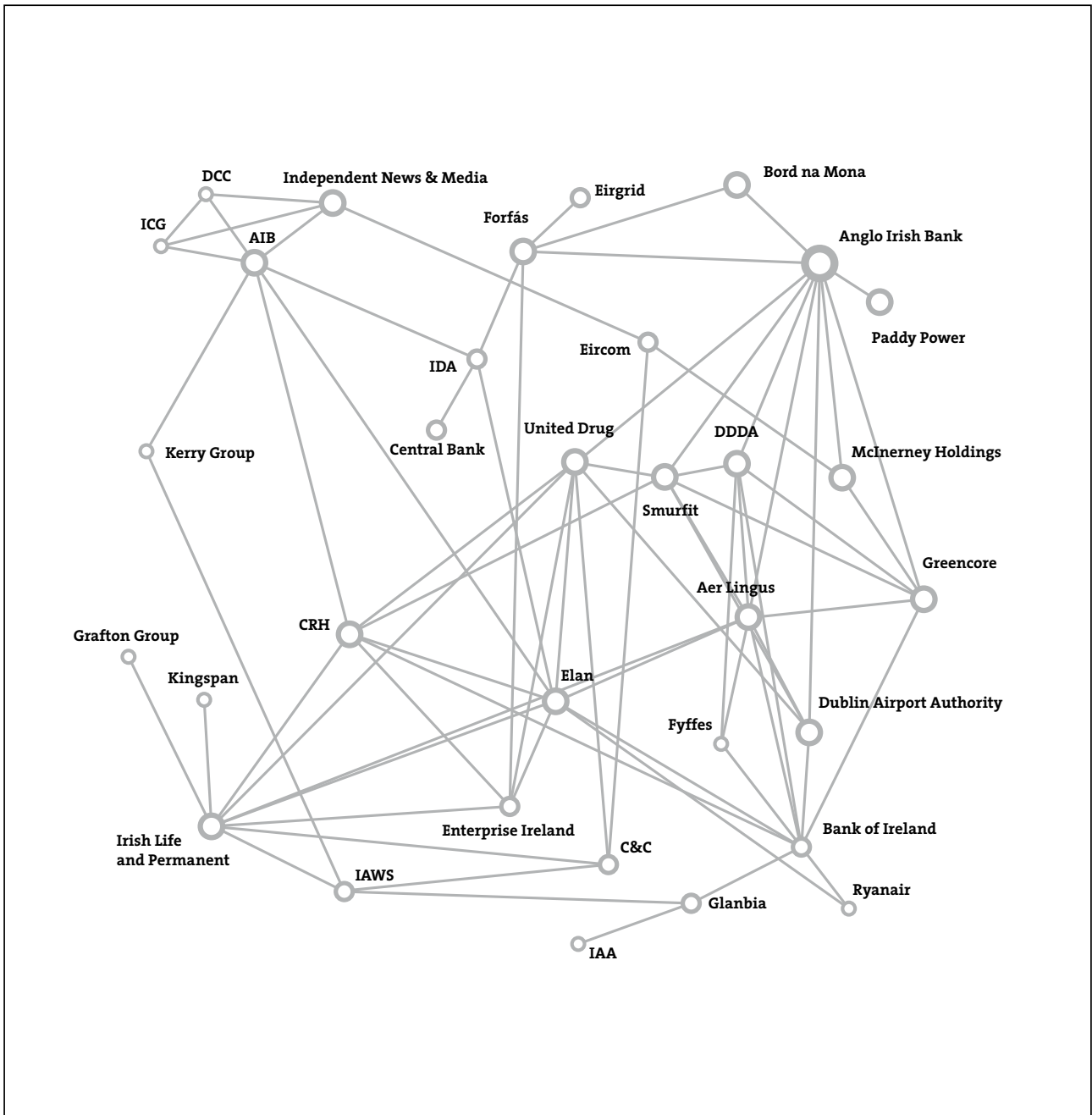


TABLE 2 – The number of links from each company to other companies in this study

| COMPANIES | NUMBER OF LINKS |
|--|-----------------|
| Anglo Irish Bank | 10 |
| Bank of Ireland; Irish Life and Permanent | 9 |
| Elan; United Drug | 8 |
| Aer Lingus; AIB; CRH; Smurfit | 7 |
| DDDA; Greencore | 6 |
| Enterprise Ireland; Forfás | 5 |
| C&C; Dublin Airport Authority; IAWS; IDA; Independent News & Media | 4 |
| DCC; Eircom; Fyffes; Glanbia; ICG; McLnerney Holdings | 3 |
| Bord Na Mona; Kerry Group; Ryanair | 2 |
| Central Bank; Eirgrid; Grafton Group; IAA; Kingspan; Paddy Power | 1 |

- 2.7** Only seven companies did not have interlocking directorships. It is worth noting that of the seven, five belonged to the public sector and only two, Tullow Oil and Dragon Oil, belonged to the private sector.
- 2.8** The top 40 companies in our study were, on average, directly linked via joint directorships to three or four (3.6) other major companies. Furthermore, the extent to which companies were linked to other companies varied. As few as six companies had just a single link to one other company, while at the other extreme Anglo Irish Bank had links to ten other companies.
- 2.9** Table 3 lists the members of the Director Network and shows the number of boards they sat on simultaneously as well as whether they held executive positions over the three-year period 2005-2007. Over half (22) of the Director Network sat on more than one board for each of the three years under review, thus underlining that holding multiple directorships are common and normal practice amongst a small number of people.
- 2.10** It is important to note that in all cases, in addition to being on multiple boards of the top companies, members of this Director Network were, on average, also members of the boards of ten other companies each, outside the 40 companies being examined here. Further detail of each individual is given in the SoloCheck data in Appendix 2. The average is skewed by individuals with a high number of directorships; individual cases varied greatly, ranging from four individuals with no other directorships than those identified here, to one individual who simultaneously held 57 additional directorships. Between them, the 39 held a total of 398 directorships, in addition to the 93 directorships they held within the major companies being examined here.
- 2.11** It should be noted that some of these directorships were for subsidiaries, rather than involving the full workload of directing a separate company. The Companies (Amendment) (No. 2) Act 1999 limits the number of companies of which any one individual can be a director to twenty-five, but certain categories of companies are excluded in arriving at the total of twenty-five; the most important exclusion being where a person is a director of a holding company and is also a director of its subsidiaries, the 'group' shall count as only one directorship for the purposes of calculating the total.

TABLE 3— The Director Network

| NAME | NUMBER OF BOARDS (2005-2007) | CHAIR | CEO/ EXECUTIVE | NON- EXECUTIVE | 2005 | 2006 | 2007 | ADDITIONAL DIRECTORSHIPS (2005-2007)* |
|---------------------|------------------------------|------------|----------------|----------------|------|------|------|---------------------------------------|
| Bowler, Gillian | 2 | 05, 06, 07 | - | 05, 06, 07 | 2 | 2 | 2 | 11 |
| Bradshaw, Lar | 2 | 05, 06 | - | 05, 06, 07 | 2 | 2 | 1 | 11 |
| Buckley, Denis | 2 | 05, 06, 07 | - | 05, 06, 07 | 2 | 2 | 2 | 5 |
| Byrne, David | 2 | - | - | 05, 06, 07 | 2 | 2 | 2 | 3 |
| Crowley, Laurence | 2 | 05 | - | 05, 06, 07 | 2 | 1 | 1 | 18 |
| Dilger, David | 2 | - | 05, 06, 07 | 05, 06, 07 | 2 | 2 | 2 | 44 |
| Dorgan, Sean | 2 | - | 05, 06, 07 | 05, 06, 07 | 2 | 2 | 2 | 0 |
| Drury, Fintan | 2 | 05, 06, 07 | - | 05, 06, 07 | 2 | 2 | 2 | 10 |
| Dunne, John | 2 | 05, 06, 07 | - | 05, 06, 07 | 2 | 2 | 2 | 0 |
| FitzGerald, Liam | 2 | - | 05, 06, 07 | 05, 06, 07 | 2 | 2 | 2 | 10 |
| FitzPatrick, Sean | 5 | 05, 06, 07 | - | 05, 06, 07 | 4 | 4 | 4 | 28 |
| Gray, Danuta | 2 | - | - | 05, 06, 07 | 1 | 2 | 2 | 17 |
| Haran, Paul | 2 | - | - | 05, 06, 07 | 2 | 2 | 2 | 3 |
| Heraty, Ann | 3 | - | - | 05, 06, 07 | 2 | 3 | 3 | 5 |
| Hodgkinson, Michael | 2 | - | - | 05, 06, 07 | 2 | 2 | 1 | 0 |
| Kennedy, Gary | 3 | - | 05 | 05, 06, 07 | 3 | 1 | 1 | 4 |
| Liston Jerry | 2 | 06, 07 | - | 05, 06, 07 | 1 | 2 | 2 | 2 |
| Lynch, Philip | 3 | - | - | 05, 06, 07 | 3 | 2 | 2 | 31 |
| MacSharry, Ray | 2 | - | - | 05, 06 | 2 | 1 | 0 | NA |
| McCann, Gary | 4 | 05, 06, 07 | 05, 06, 07 | 05, 06, 07 | 4 | 4 | 4 | 4 |
| McCourt, Declan | 3 | - | - | 05, 06, 07 | 3 | 3 | 2 | 26 |
| McGowan, Kieran | 5 | - | - | 05, 06, 07 | 5 | 5 | 5 | 20 |
| McGuckian, John | 2 | 05, 06, 07 | - | 05, 06 | 2 | 2 | 1 | 3 |
| McLaughlin, Kyran | 2 | 05, 06, 07 | - | 05, 06, 07 | 2 | 2 | 2 | 7 |
| Molloy, Pat | 2 | 05, 06, 07 | - | - | 2 | 2 | 1 | 2 |
| Moran, Thomas | 2 | - | - | 06, 07 | 1 | 2 | 1 | 1 |
| Murphy, William | 2 | - | - | 05, 06, 07 | 2 | 2 | 2 | 12 |
| Neill, Terry | 2 | - | - | 05, 06, 07 | 2 | 2 | 2 | NA |
| O'Connor, Dan | 2 | - | - | 06, 07 | 0 | 1 | 2 | 1 |
| O'Mahony, Liam | 2 | - | 05, 06, 07 | 07 | 1 | 1 | 2 | NA |
| O'Reilly, Anthony | 2 | 05, 06 | 05, 06, 07 | - | 2 | 2 | 1 | 10 |
| Pratt, Maurice | 2 | - | 05, 06, 07 | 05, 06 | 2 | 2 | 1 | 57 |
| Roche, Donal | 2 | - | - | 05, 06, 07 | 2 | 2 | 1 | 17 |
| Ryan, Frank | 2 | - | 05, 06, 07 | 05, 06, 07 | 2 | 2 | 2 | NA |
| Somers, Bernard | 4 | - | - | 05, 06, 07 | 3 | 4 | 4 | 31 |
| Sullivan, Michael J | 2 | - | - | 05, 06, 07 | 2 | 2 | 2 | NA |
| Sullivan, Ned | 3 | 05, 06, 07 | - | 05, 06, 07 | 3 | 3 | 3 | NA |
| Walsh, Willie | 2 | - | 05 | 05, 06 | 2 | 1 | 0 | NA |
| Williams, Jane | 2 | - | - | 05, 06, 07 | 1 | 2 | 2 | 5 |
| Total | 93 | | | | 83 | 84 | 75 | 398 |

* Figures drawn from Solocheck.ie and include subsidiaries (see method section)
NA = information not available

2.12 Sitting on multiple boards widens the working contacts and links of directors. The extent of these linkages across the network provides support to the hypothesis that the boards of top Irish businesses are indeed run by a small pool of well-connected individuals. Figure 2 illustrates the linkages between the directors in the network. Table 4 gives the number of links per director. For example, Sean FitzPatrick sat on five of the 33 Interlocking Boards, and as a result was directly in contact with 11 other members of the Director Network.

FIGURE 2 – The Director Network

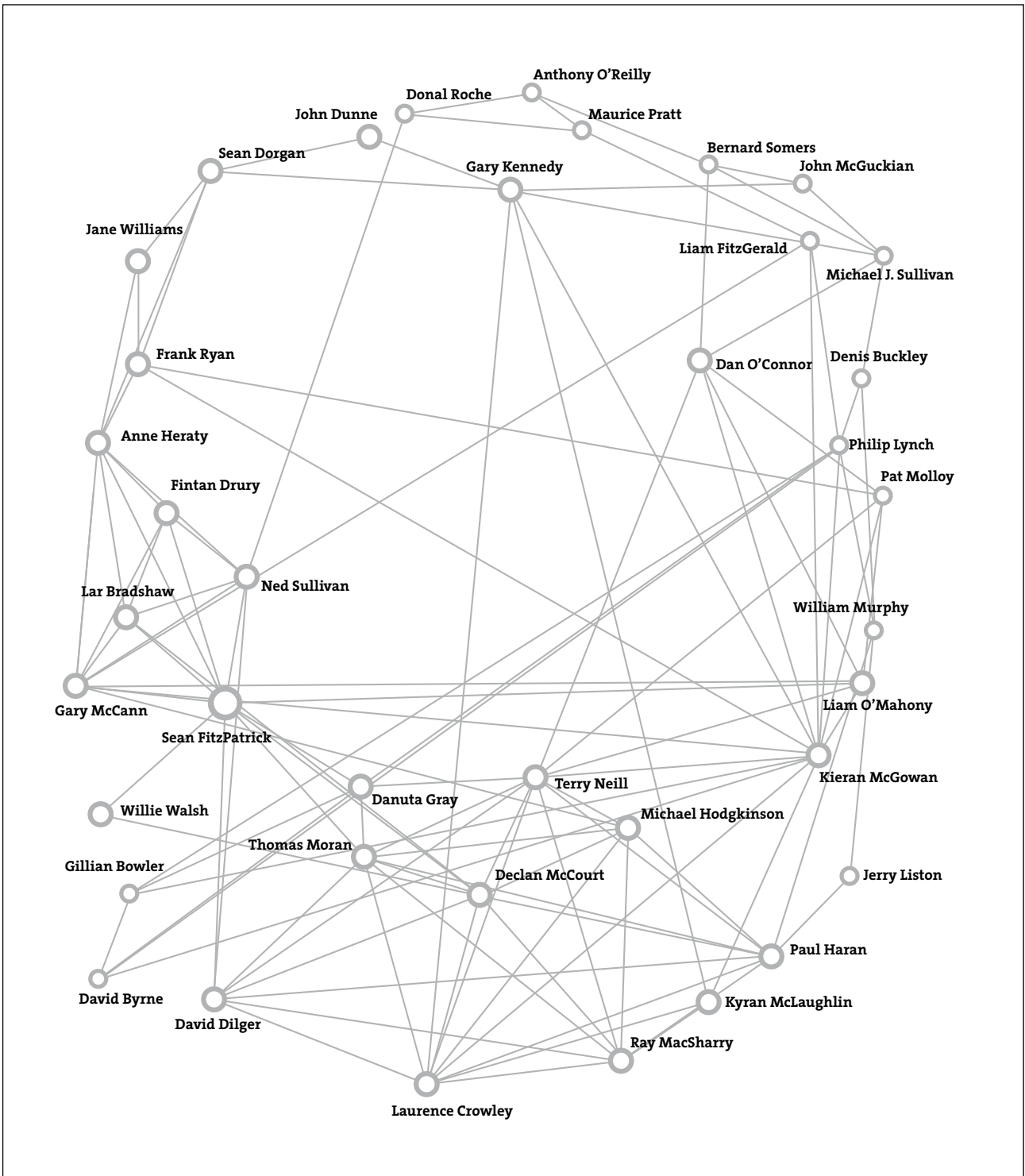


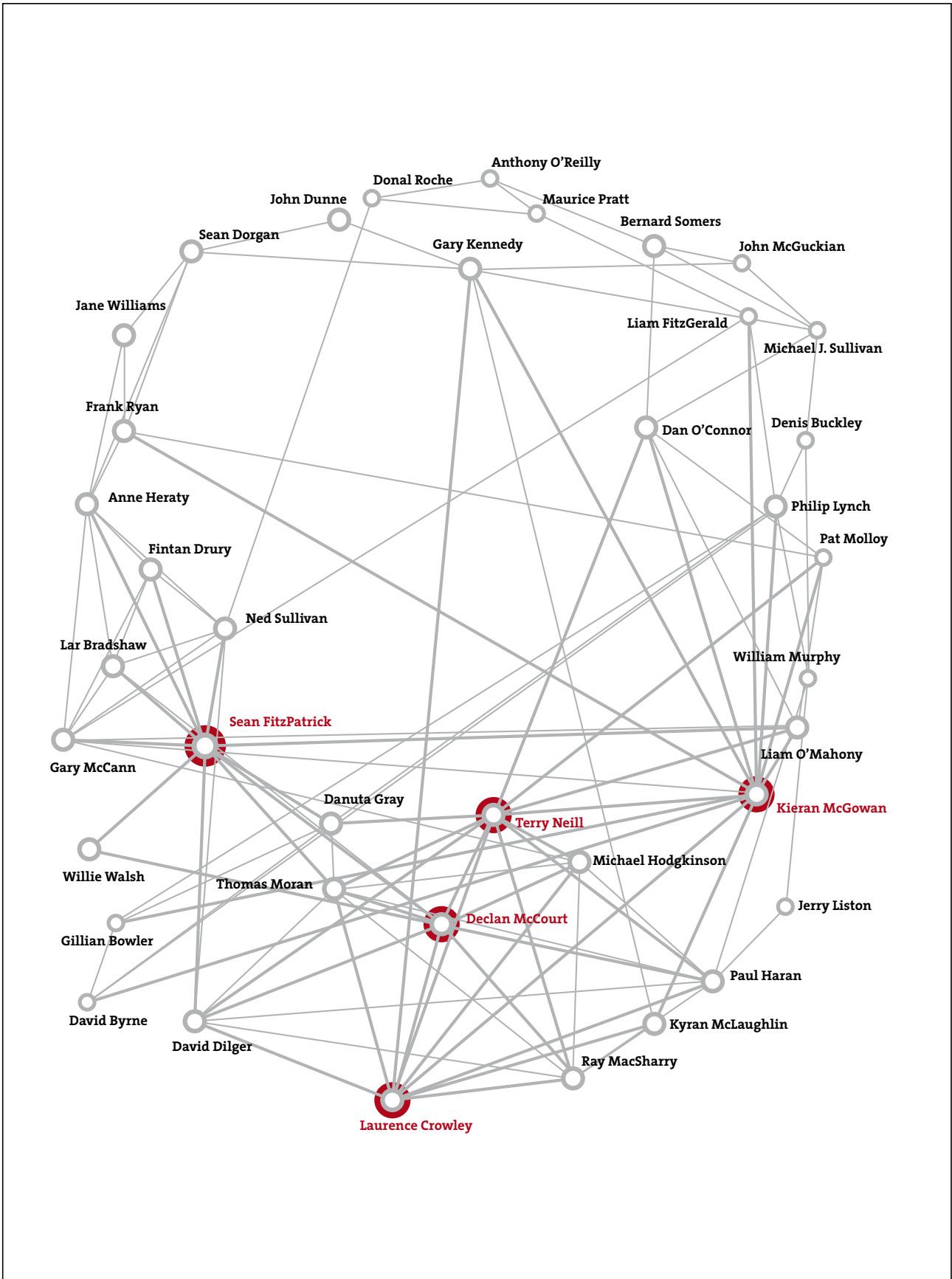
TABLE 4 – Links to other members of the Director Network

| DIRECTOR | NUMBER OF LINKS |
|---|-----------------|
| Kieran McGowan | 14 |
| Sean FitzPatrick, Terry Neill | 11 |
| Laurence Crowley, Declan McCourt | 10 |
| David Dilger, Paul Haran, Anne Heraty, Gary McCann, Thomas Moran | 9 |
| Michael Hodgkinson, Philip Lynch, Ray MacSharry | 8 |
| Gary Kennedy, Ned Sullivan | 7 |
| Lar Bradshaw, Sean Dorgan, Danuta Gray, Dan O'Connor, Liam O'Mahony, Frank Ryan, | 6 |
| Fintan Drury, Pat Molloy, Michael J Sullivan | 5 |
| Gillian Bowler, David Byrne, Liam FitzGerald, Kyran McLaughlin, William Murphy, Maurice Pratt, Bernard Somers, Jane Williams, | 4 |
| Denis Buckley, John Dunne, John McGuckian, Anthony O'Reilly, Donal Roche | 3 |
| Jerry Liston, Willie Walsh | 2 |

2.I3 Two methods were used to test the hypothesis that Ireland's top companies have a small pool of well-connected individuals sitting on their boards. Firstly, the extent of direct contact between members of the Directors Network was examined by counting the number of other members of the Network that each individual met in the course of attending board meetings for the companies in this study. Individuals were considered particularly well-connected if they were linked to ten or more other members of the Director Network. Secondly, individuals were considered particularly well-connected if they sat on three or more boards out of the top 40 companies being examined. The individuals who were included through one or both methods were identified as the eleven most well-connected directors.

2.I4 The extent to which members of the Director Network are in direct contact with one another is one way of testing the hypothesis that Ireland's top companies have a small pool of well-connected individuals sitting on their boards. Table 4 lists the directors in order of how many links they have to other members of the Network. Figure 3 highlights the five members of the Director Network with the greatest number of links (ten or more). The lines show which individuals were directly linked to one another.

FIGURE 3 – The Director Network (with five directors with 10+ links highlighted)



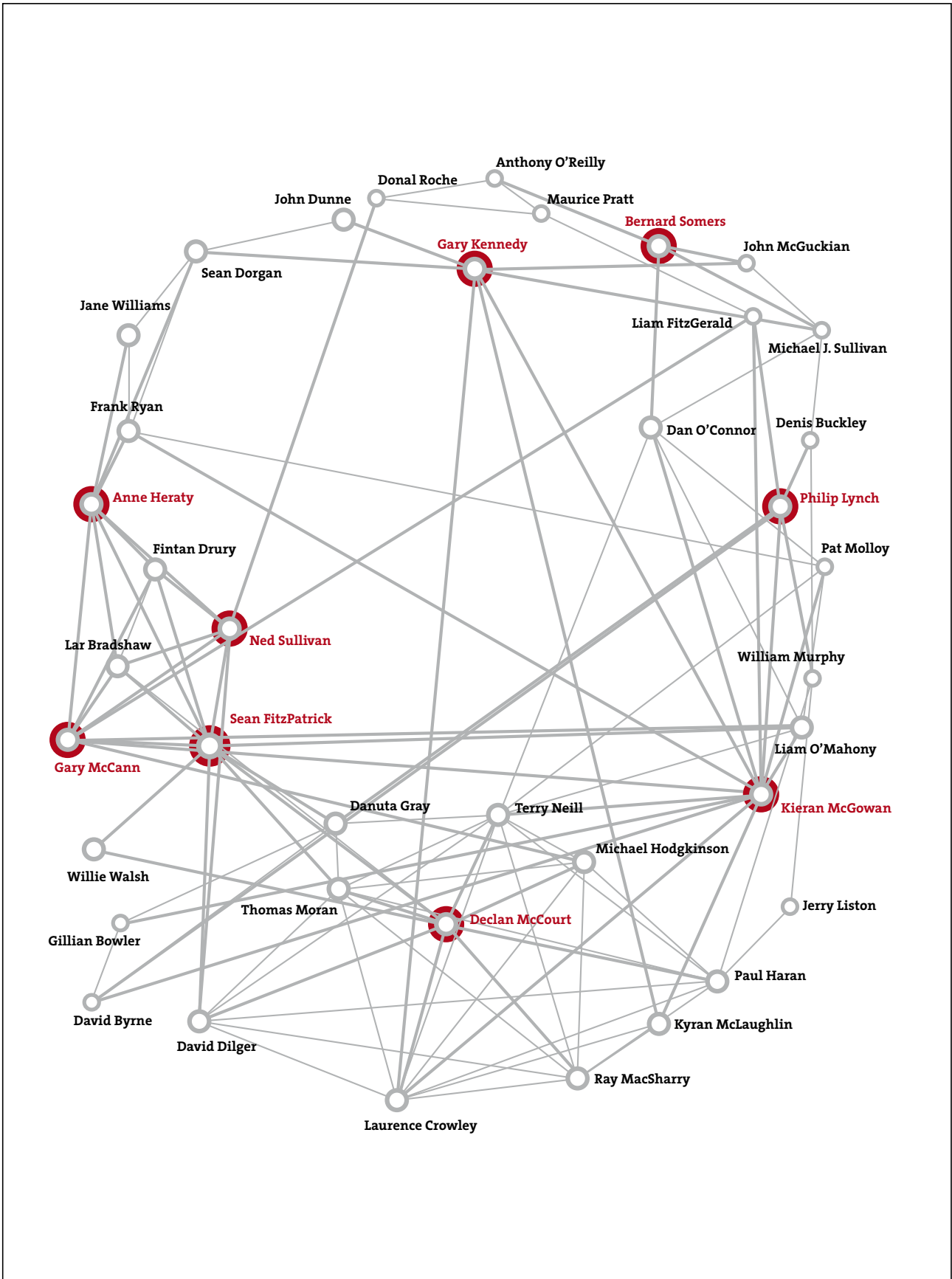
14

2.15 Another way of testing the hypothesis of a small pool of well-connected individuals on multiple key boards is to examine how many directors sat on more than two boards. In most cases, the Director Network comprises people who sat on two boards, but nine individuals sat on three, four or even five boards of these major companies simultaneously (as shown on Table 5). Each of these nine directors also simultaneously held an average of 17 other directorships, in addition to their directorships in the top companies, although this varied greatly, from two directors with four other directorships each to two who held 31 additional directorships each. Overall, this group of nine directors held over a third (149) of the additional directorships held by the Director Network (see Table 6). Figure 4 highlights the nine directors who sat on three or more boards.

TABLE 5 – **Members of the Director Network on 3+ boards**

| DIRECTOR | NUMBER OF BOARDS |
|-------------------|------------------|
| FitzPatrick, Sean | 5 |
| McGowan, Kieran | 5 |
| McCann, Gary | 4 |
| Somers, Bernard | 4 |
| Heraty, Anne | 3 |
| Lynch, Philip | 3 |
| Kennedy, Gary | 3 |
| McCourt, Declan | 3 |
| Sullivan, Ned | 3 |

FIGURE 4 – The Director Network (with nine directors on 3+ boards highlighted)



- 2.16** There is substantial overlap between the list of five most linked directors and the nine sitting on three or more boards. In total, eleven directors were the most ‘well-connected’ of the 39 in the Director Network. These eleven directors are highlighted in Figure 5. Table 6 gives more detail of these ‘well-connected’ directors.
- 2.17** Figure 5 also illustrates the extent to which the eleven most well-connected directors were connected to one another. Again, this reinforces the perception of a small group at the apex of Irish business. For example, Sean FitzPatrick sat on five boards with four of the other eleven directors: Anne Heraty (Anglo Irish Bank), Gary McCann (Anglo Irish Bank and Smurfit), Declan McCourt (DDDA) and Ned Sullivan (Anglo Irish Bank and Greencore).
- 2.18** One striking aspect is that all eleven were directors of one of the banks or building societies. For example, Sean FitzPatrick, Gary McCann, and Ned Sullivan were all directors of Anglo Irish Bank during the three years 2005 to 2007, while Anne Heraty was a director of Anglo Irish for two years, from 2006 to 2007. This issue is explored in more detail in Chapter 4.

FIGURE 5 – The Director Network (with 11 most well-connected directors highlighted)

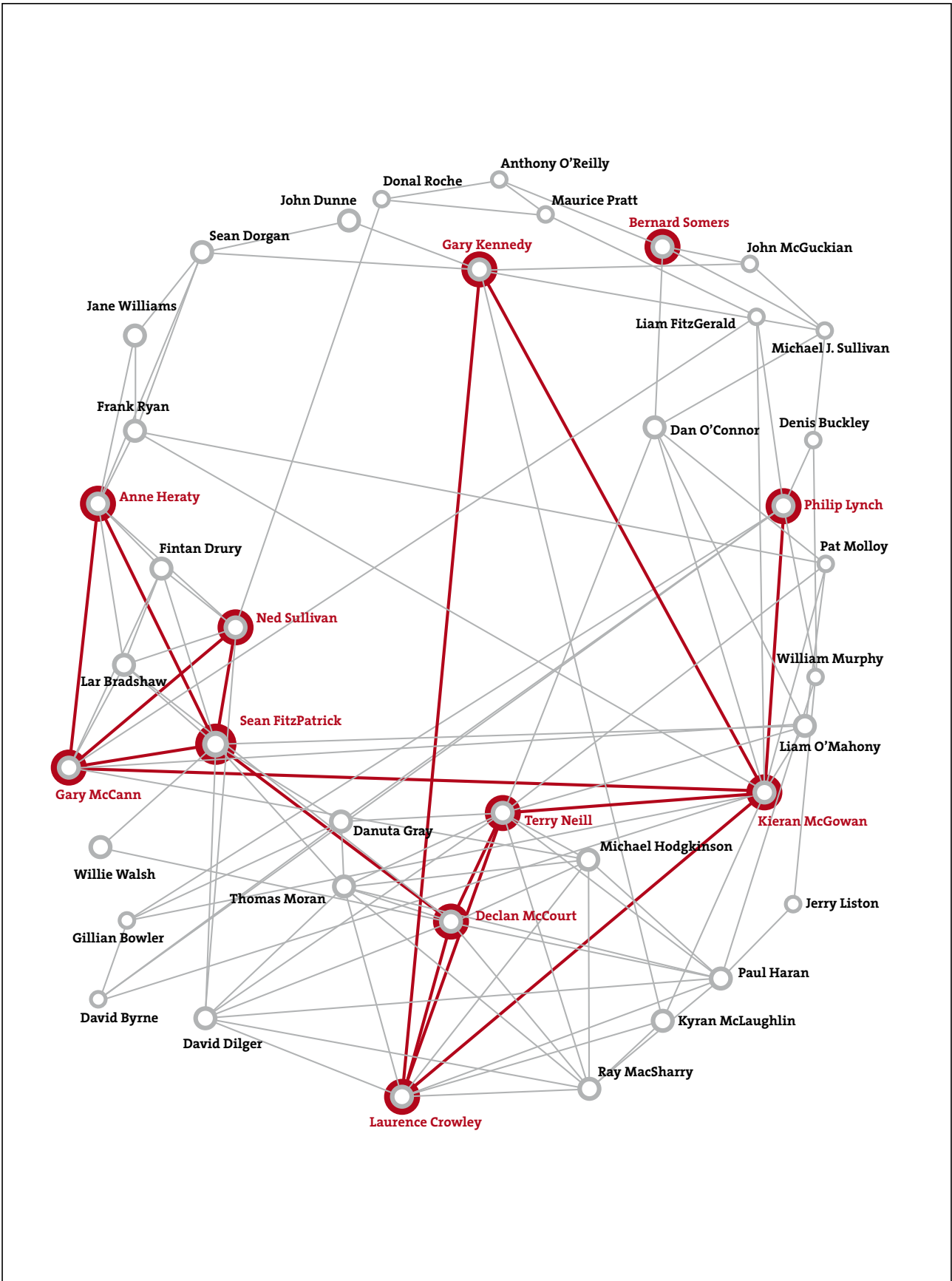


TABLE 6 – Information on the 11 most well-connected members of the Director Network

| NAME | BOARDS | 2007 REMUNERATION COMMITTEE MEMBER | REMUNERATION | ROLE 2005-2007 | ADDITIONAL DIRECTORSHIPS* | MAIN EMPLOYMENT & MAJOR DIRECTORSHIPS 2005-2007*** |
|-------------------|--------------------------|------------------------------------|-------------------|----------------|---------------------------|---|
| Crowley, Laurence | Elan | ✓ | €58,007 (2005) | NED | 18 | Chairperson of Ecocem Ltd. and Realex Payments |
| | Bank of Ireland | ✓ (2005) | €419,000 (2005) | Chair (2005) | - | |
| FitzPatrick, Sean | Aer Lingus | X | €45,000 | NED | 28 | Retired as CEO of Anglo Irish Bank in 2005 |
| | Anglo Irish Bank | ✓ | €431,000 | Chair | - | |
| | DDDA | X | €13,500** (2006) | NED | - | |
| | Greencore | ✓ | €48,000 | NED | - | |
| | Smurfit | ✓ | €250,000 | Chair | - | |
| Heraty, Anne | Anglo Irish Bank | ✓ | €83,000 | NED | 5 | CEO CPL Resources |
| | Bord Na Mona | X | €16,500** | NED | - | |
| | Forfás | X | €32,583** | NED | - | |
| Kennedy, Gary | AIB | X | €2,934,000 (2005) | Exec. Dir. | 4 | NED Greencore (Appointed 2008) |
| | Elan | X | €30,909 (2005) | NED | - | |
| | IDA | X | €29,666** (2005) | NED | - | |
| Lynch, Philip | C&C | ✓ | €59,000 (2005) | NED | 31 | CEO One 51 Capital Plc |
| | IAWS | X | €300,000 (2005) | NED | - | NED FBD Plc |
| | Irish Life and Permanent | X | €24,000 (2005) | NED | - | |
| McCann, Gary | Anglo Irish Bank | ✓ | €85,000 | NED | 4 | CEO Smurfit |
| | Dublin Airport Authority | ✓ | €27,333** | Chair | - | |
| | Smurfit | X | €2,593,000 | CEO | - | |
| | United Drug | ✓ | €55,000 | NED | - | |
| McCourt, Declan | Bank of Ireland | ✓ | €80,000 (2006) | NED | 26 | CEO OHM Group |
| | DDDA | X | €13,500** (2006) | NED | - | NED Blackrock International Land Plc |
| | Fyffes | ✓ | €54,000 (2006) | NED | - | |
| McGowan, Kieran | CRH | ✓ | €315,000 | NED | 20 | Chairperson of Business in the community Ireland |
| | Elan | X | €60,718 | NED | - | Director of Drury Communications |
| | Enterprise Ireland | X | €8,573 | NED | - | Former CEO IDA Ireland |
| | Irish Life and Permanent | ✓ | €83,000 | NED | - | |
| | United Drug | ✓ | €60,000 | NED | - | |
| Neill, Terry | CRH | ✓ | €85,000 | NED | NA | Chairperson of Finance Committee London Business School |
| | Bank of Ireland | ✓ | €100,000 | NED | - | |
| Somers, Bernard | AIB | ✓ | €50,000 | NED | 31 | Partner at Somers & Associates Chartered Accountants |
| | DCC | X | €75,000 | NED | - | |
| | ICG | X | €135,000 | NED | - | |
| | Independent News & Media | X | €50,000 | NED | - | |
| Sullivan, Ned | Anglo Irish Bank | ✓ | €108,000 | NED | NA | Chairperson Eircom (Appointed 2008) |
| | Greencore | ✓ | €200,000 | Chair | - | |
| | McInerney Holdings | ✓ | €120,000 | Chair | - | |

2. Mapping the Golden Circle

Remuneration includes salary, fees, pension contributions, taxable benefits, profit shares and bonuses reported in the annual reports for 2007, or nearest year where the individual held the most multiple directorships.

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* Drawn from Solocheck.ie (See method section).

** Individual breakdown not available for State Bodies. Remuneration stated is the average fees paid to board members, based on the total board members fees information provided.

*** Information on main employment is drawn from diverse publicly-available information. In some cases, it is difficult to identify the 'primary' occupation of some of the directors.

NA information not available.

NED non-executive director.

Elan remuneration has been converted from U.S. Dollars into Euro using the 21 day average exchange rate for December of the year in question.

3. Potential Risks to Good Corporate Governance



- 3.1** The evidence presented in the previous chapter suggests that a small number of directors in Ireland’s top private companies and State-owned bodies did belong to a small pool of well-connected individuals. While they only represent seven per cent of the total number of directors who sat on the boards of these companies during the period 2005-2007, members of the Director Network sat on nearly all (92 per cent) the private companies’ boards examined and two-thirds (64 per cent) of the boards of State-owned bodies.
- 3.2** It is hence important to examine the evidence that the existence of Interlocking Boards and a Director Network poses a wider problem for corporate governance across Ireland’s top companies. Overall, although only 39 out of these companies’ 572 directors belonged to the Director Network, the extent to which 33 Interlocking Boards were interwoven suggests that a number of risks to good corporate governance were present.

MULTIPLE COMMITMENTS

- 3.3** The capacity to undertake multiple directorship roles depends on the complexity and diversity of each company, together with the degree of change being undergone by such companies, as well as the other commitments of the director in question. Nonetheless, we can speculate that because of the extent of multiple commitments of the 39 directors presented in the previous chapter, some of them may have been over-extended and thus unable to fulfil all of their roles as directors effectively, which is in itself a serious issue for good corporate governance.
- 3.4** We do not have to rely on commonsense for this conclusion. The OECD publishes principles on corporate governance, which among other things suggest that “service

on too many boards can interfere with the performance of board members” (OECD, June 2009: 44). The Irish Stock Exchange uses the UK Combined Code to regulate listed private companies in Ireland. Companies listed in Ireland are required to ‘comply’ with the code, or else ‘explain’ why they did not as part of their annual reporting obligations. (See Chapter 6 for more details on corporate governance rules). Currently, the Combined Code is being reviewed in the UK. As part of the process, new principles have been proposed regarding the “need for all directors to have sufficient time to perform their responsibilities effectively” (FRC, March 2009).

- 3.5** Furthermore, the 2009 Walker Review in the UK recommends that non-executive directors on the boards of banks should be expected to give greater time commitment than has been normal in the past; there should be a minimum expected time commitment of 30 to 36 days on a major bank board. In relation to the chairperson, a minimum of two-thirds of his/her time is recommended, with some arguing that it should be no less than a full-time position. There are also arguments that there should be specific limits on the number of non-executive directorships one individual can hold. These limits could be a function of the aggregate of the expected time commitments that regulation already requires and of the time commitments of other employment/directorships.
- 3.6** Focusing on the eleven most well-connected of the 39 members of the Director Network makes it easier to test the hypothesis that multiple directorships may lead to individuals being too over-extended to perform their duties as directors. Table 6 shows that each of the eleven had extensive business commitments. Four were chairs of at least one of the Interlocking Boards. Sean FitzPatrick was chair of two (Anglo Irish Bank for the full 2005-2007 period and Smurfit in 2007) as was Ned Sullivan (who chaired Smurfit and McNerney Holdings). Gary McCann was CEO of Smurfit and chairperson of the Dublin Airport Authority for the full three years. Moreover, in addition to their roles on the Interlocking Boards, these eleven people had and still have extensive further commitments. For example, Philip Lynch, in addition to his three non-executive directorships, held 31 additional private company directorships, including his role as CEO of 151 PLC. Declan McCourt, in addition to his non-executive directorships of Bank of Ireland, Fyffes and the DDDA, was CEO of the OHM group and a director of 25 other companies. Bernard Somers was principal of an accountancy practice and held 31 additional private directorships while he was a non-executive director of four of the Interlocking Boards: AIB, DCC, ICG and Independent News and Media. It should be noted in each case that some of the additional private directorships may have been on the boards of subsidiary companies (see paras 2.4 and 2.11).
- 3.7** Looking at the remaining 28 members of the Director Network, Table 3 shows that six of them were CEOs while also sitting on another board, nine were chairpersons and one was both a CEO of one company and a company chairperson of another. The level of directorship activity observed is all the more noteworthy in view of the significant proportion of Director Network members who held very senior full-time positions either as CEOs or executive directors or equivalent positions in their own organisations. Again, this was often in addition to extensive other commitments.

MULTIPLE OBLIGATIONS

- 3.8** In eight private companies and one State-owned body, a third or more of non-executive board members belonged to the Director Network in 2007. Over two-thirds of the non-executive directors of Anglo Irish Bank (67 per cent) and ICG (67 per cent), and half of those in Irish Life and Permanent (50 per cent), were members of the Director Network. This is shown in Table 7.
- 3.9** The primary function of the non-executive director is to provide independent oversight of the activities of the company, in the interests of the company and its stakeholders. His/her independence can potentially be compromised by multiple mutual obligations, by-products of multiple directorships. Over 80 per cent of the companies/organisations reviewed were found to be directly linked through a relatively small number of individuals. The presence of one well-connected individual on a company's board of directors does not necessarily mean that the corporate governance of that organisation is weakened. However, it can be argued that a single individual, if this person has sufficient power and influence, can have a very substantial impact on the decisions and actions of a board. Referring to the Anglo Irish Bank case and the role played by Sean FitzPatrick, the journalist, Kathleen Barrington commented that "Four years after he was appointed ..., the effects of an overpowering chairman were plain to be seen....The damage done to Ireland's reputation by those events was so great that Minister for Finance Brian Lenihan felt the need to mount an international charm offensive" (Sunday Business Post, 22 Nov, 2009).
- 3.10** Furthermore, the presence of several well-connected individuals suggests a more serious problem. When a board has multiple links to other companies, there is a risk of a conflict of interest; board members may have divided loyalties between the different bodies on whose boards they sit.

TABLE 7 – Extent of Director Network influence on boards of top companies in 2007

| COMPANY | TOTAL BOARD SIZE 2007 | TOTAL EXECUTIVE DIRECTORS | EXEC. DIRECTORS ON DIRECTOR NETWORK | % EXEC. DIRS. ON DIRECTOR NETWORK | TOTAL NON-EXEC. DIRECTORS (INC. CHAIR) | NON-EXECUTIVE DIRECTORS ON DIRECTOR NETWORK | % NON-EXEC. DIRS. ON DIRECTOR NETWORK |
|--------------------------|-----------------------|---------------------------|-------------------------------------|-----------------------------------|--|---|---------------------------------------|
| Anglo Irish Bank | 14 | 5 | - | - | 9 | 6 | 67% |
| ICG | 6 | 3 | - | - | 3 | 2 | 67% |
| Irish Life and Permanent | 12 | 4 | - | - | 8 | 4 | 50% |
| Bank of Ireland | 17 | 7 | - | - | 10 | 4 | 40% |
| McInerney Holdings | 10 | 5 | - | - | 5 | 2 | 40% |
| Eircom (2006) | 13 | 4 | - | - | 9 | 3 | 33% |
| Elan | 16 | 4 | - | - | 12 | 4 | 33% |
| Forfás | 14 | 2 | - | - | 12 | 4 | 33% |
| United Drug | 10 | 4 | 1 | 25% | 6 | 2 | 33% |
| Aer Lingus | 12 | 2 | - | - | 10 | 3 | 30% |
| C&C | 11 | 4 | 1 | 25% | 7 | 2 | 29% |
| Greencore | 11 | 4 | 1 | 25% | 7 | 2 | 29% |
| CRH | 16 | 5 | 1 | 20% | 11 | 3 | 27% |
| IAWS | 15 | 4 | - | - | 11 | 3 | 27% |
| Smurfit | 12 | 3 | 1 | 33% | 9 | 2 | 22% |
| Grafton Group | 9 | 4 | - | - | 5 | 1 | 20% |
| AIB | 20 | 4 | - | - | 16 | 3 | 19% |
| Enterprise Ireland | 12 | 1 | 1 | 100% | 11 | 2 | 18% |
| Dublin Airport Authority | 13 | 1 | - | - | 12 | 2 | 17% |
| Fyffes | 10 | 4 | - | - | 6 | 1 | 17% |
| Paddy Power | 9 | 3 | - | - | 6 | 1 | 17% |
| Glanbia | 22 | 3 | - | - | 19 | 3 | 16% |
| DCC | 11 | 4 | - | - | 7 | 1 | 14% |
| Eirgrid | 9 | 2 | - | - | 7 | 1 | 14% |
| Ryanair | 8 | 1 | - | - | 7 | 1 | 14% |
| IAA | 9 | 1 | - | - | 8 | 1 | 13% |
| Kingspan | 15 | 7 | - | - | 8 | 1 | 13% |
| Kerry Group | 22 | 5 | - | - | 17 | 2 | 12% |
| Central Bank | 13 | 3 | - | - | 10 | 1 | 10% |
| Bord Na Mona | 12 | 1 | - | - | 11 | 1 | 9% |
| IDA | 14 | 2 | 1 | 50% | 12 | 1 | 8% |
| Independent News & Media | 20 | 5 | 1 | 20% | 15 | 1 | 7% |
| DDDA | 8 | - | - | - | 8 | - | - |

Source: annual reports for 2007 (board numbers), our analysis (Director Network numbers)

ABSENCE OF DIVERSITY

- 3.11** Currently, the Combined Code, the system of governance that applies to all publicly-listed companies in Ireland, is being reviewed in the UK. As part of that process, one of the major issues being reviewed is the size and diversity of the available pool of non-executive directors.
- 3.12** There is widespread agreement in the UK that the current pool from which directors are drawn is too narrow. One strong view is that the narrowness of the pool results from a lack of demand for new candidates on the part of companies rather than a shortage of suitable candidates in the first instance (Merson, 2010:80). The UK Treasury Select Committee report (TSC, 15 May 2009) on the banking crisis identified in many cases a lack of diversity as a key problem affecting non-executive directors in the banking sector.
- 3.13** One of the strongest arguments for increasing diversity on boards is to introduce fresh perspectives and combat the kind of ‘groupthink’ exemplified in the run-up to the current crisis:
“We received evidence that the pool from which non-executive directors in the banking sector were recruited was far too narrow ... arguing that if boards consisted of people who read the same newspapers, went to the same universities and schools and have the same prejudices and views to sit round a board table you do not get diversity of view and input.” (TSC, 15 May 2009: 55, para 150).
- 3.14** In Ireland, our review of the 39 people in the Director Network is indicative of a similar tendency. It is reasonable to suggest that this lack of diversity could be stronger because of Ireland’s relatively small population. Directors typically are Dublin-based, mostly on the city’s south-side. All but six live either in Dublin or its neighbouring counties – Wicklow, Meath and Kildare. Popular addresses include Greystones, and various areas of South Dublin: Foxrock, Dún Laoghaire, Donnybrook, Rathgar, Monkstown and Blackrock. A third-level education is the norm and many have attended private schools such as Gonzaga, Blackrock and Belvedere. While information on educational background is variable, a number are trained as either accountants or solicitors/barristers and University College Dublin appears to be the third level institution of choice. With most aged over 50 and very many in their sixties, the youngest member of the Director Network was aged 46.
- 3.15** The Director Network is made up largely of men who are relatively near to each other in age, live in close geographical proximity and are likely to have attended the same schools and university. Thus, the Interlocking Board linkages demonstrated by this review raise the question of whether, as in the UK, Irish companies need to actively seek candidates from a much wider circle to ensure that the boards of Ireland’s top companies are not dominated by a small number of people who are known to one another. Such a high level of interaction and connection between members of this circle could, at a minimum, render them over-extended. It could also generate conflicts of interest as directors of multiple companies. In addition, the wider interests of stakeholders, including employees, customers and the public in general, are less likely to be served when boards of directors are dominated by people from a narrow social stratum.
- 3.16** The gender composition of the boards is of particular concern. Just four women, or ten per cent, are members of the Director Network. This is similar to the proportion of women (11 per cent) in the 572 directors reviewed for this briefing. Thus, there is a serious under-representation of women serving on the boards of the companies and State-owned bodies

reviewed. This trend is particularly acute in private companies, which have only 6.5 per cent women board directors. The position is better in the public sector, with just over 18 per cent women directors among the bodies surveyed here. However, this proportion falls a long way short of the longstanding Government commitment to achieving a minimum of 40 per cent female membership of boards of public bodies. It is also a long way short of the norm. The CSO's Women and Men in Ireland 2009 report showed that women accounted for 34 per cent of members of State boards; which is nearly double their representation on the 14 key economic State-owned bodies.

- 3.17** The small number of women on boards of listed companies is not unique to Ireland. In the UK, for example, research carried out by Co-operative Asset Management has revealed that women occupy only 242 out of 2,742 seats (nine per cent) on the boards of FTSE-350 companies, with the five banks covered in the survey having one female executive director and six non-executive directors out of a total of 70 seats (The Observer, 23 August 2009). While a 2010 Treasury Select Committee on Women in the City did not recommend a statutory quota, it noted evidence that the presence of women strengthened boards' ability to challenge executives. The Committee Report also noted arguments in favour of gender equality and utilising all talent available.
- 3.18** All of this strongly suggests the need for regulation requiring more women among board directors. For example, Norway legally requires 40 per cent of directors on every board to be women; Spain has introduced a quota of 40 per cent to be implemented by 2015 and, in January 2010, France's parliament voted for a 40 per cent quota to be implemented by 2016 (The Economist, 11 March 2010). An editorial in the Financial Times has suggested that the current review of regulation in the UK offers an opportunity for a voluntary time-limited quota to achieve at least 30 per cent female directors of listed companies within ten years.

EXCESSIVE REMUNERATION

- 3.19** Part of the incentive for business leaders is monetary reward, although this is only part of the picture. There is an ongoing debate regarding the extent to which monetary reward acts as an incentive, and whether there is a ceiling beyond which no additional motivation occurs. The debate about monetary reward is particularly salient when one considers the high level of remuneration that occurs within the boards of Ireland's companies, especially in the private financial sector.
- 3.20** In general, where the level of remuneration is high, independence can potentially be compromised by a desire to retain what is a lucrative position. The average remuneration of non-executive directors in the private companies in this study in 2007 was €66,769. This level of remuneration is a significant source of income even for relatively wealthy people.
- 3.21** Furthermore, for all board directors, but particularly for the chair and those in executive positions, they could feel that challenging the executives in one company might jeopardise not only a position in that company but also positions in other companies in which those executives have influence. This can create a mutually reinforcing set of behaviours in which boards and their remuneration committees fail to prevent either the risk-taking that leads to short-term gains, or the excessive remuneration and bonuses that result, thus failing to control the most readily identifiable conflict of interest which faces directors and managers.

- 3.22** There is a real risk that board directors become isolated from the rest of the economy in terms of remuneration and become self-referential with respect to levels of pay. This was noted by Richard Posner, a prominent US scholar and federal judge. In a dissenting opinion he says “executive compensation in large publicly traded firms often is excessive because of the feeble incentives of boards of directors to police compensation ... Directors are often CEOs of other companies and naturally think that CEOs should be well paid. And often they are picked by the CEO.” (Jones v. Harris, 527 F.3d 627).
- 3.23** The review of pay rates for executive and non-executive board members in Ireland’s leading private companies and State-owned organisations shows that they are extremely well-rewarded when compared with pay rates in the economy, particularly when the part-time nature of the work is taken into account. Table 8 gives the average pay enjoyed by all types of director in private companies and by CEOs in State-owned companies. (There was insufficient data available on other directors’ pay in State-owned companies, as this is often presented as an aggregate in their annual reports, rather than individually as is the case for private companies). The remuneration figures include salary, fees, pension contributions, taxable benefits, profit shares and bonuses, as reported in the companies’ annual reports. The full detail of remuneration for each private company and State-owned body is given in Appendix 3.

TABLE 8 – Average remuneration of board members (2005-2007)

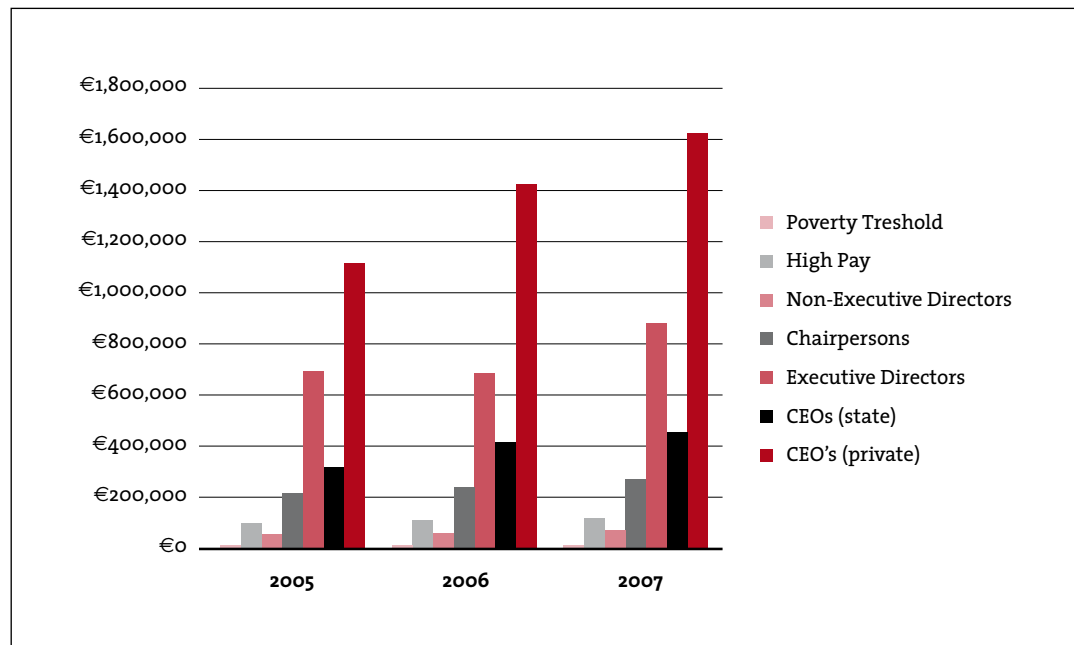
| | CEO (PRIVATE COMPANIES) | CEO (STATE-OWNED) | EXECUTIVE DIRECTOR (PRIVATE COS.) | CHAIRPERSON (PRIVATE COS.) | NON-EXECUTIVE DIRECTOR (PRIVATE COS.) |
|--------------------------------------|-------------------------------|----------------------|---|-------------------------------|---|
| 2005 | €1,110,611 | €318,291 | €688,795 | €215,491 | €54,356 |
| | Base year | Base year | Base year | Base year | Base year |
| 2006 | €1,425,226 | €412,756 | €683,715 | €243,114 | €58,188 |
| Change 2005-06 | 28% | 30% | -1% | 13% | 7% |
| 2007 | €1,620,049 | €451,724 | €879,934 | €267,600 | €66,769 |
| Change 2006-07 | 14% | 9% | 29% | 10% | 15% |
| Change over two years (2005-2007) | 46% | 42% | 28% | 24% | 23% |
| n | 21 | 7 | 21 | 20 | 22 |

Remuneration includes salary, fees, pension contributions, taxable benefits, profit shares and bonuses reported in the annual reports for 2007 for those companies for which information was available (n).

- 3.24** The average pay of CEOs in private companies rose by 46 per cent over the two-year period, 2005-2007, while pay for CEOs in State-owned bodies saw a similar rise of 42 per cent on average. Pay for other directors in private companies increased on average by between 23 and 28 per cent over the two years. In contrast, inflation over the two years was 9.1 per cent (CSO Consumer Price Index). As such, CEOs were paid increases well over four times the inflation rate, while other directors were paid well over twice the inflation rate. During the same period, average gross incomes increased by 17.5 per cent, according to the Survey of Income and Living Conditions (CSO). Furthermore, it should be noted that percentage increases disproportionately benefit higher earners (e.g. a ten per cent increase on pay of €100,000 is €10,000 whereas a ten per cent increase on €10,000 is only €1,000). In general in the economy, in order to narrow the growing gap between high and low pay, percentage increases should be the inverse – with high earners gaining less than inflation and low earners gaining more as a rule.

3.25 The absolute sums of money paid to executive and non-executive directors were far in excess of even high rates of pay in the economy. Although directors may expect ‘high pay’, there is no reason for the level of remuneration to greatly exceed other well-paid occupations. Survey findings from the Survey on Income and Living Conditions show that nine out of ten households had a gross annual income of less than €102,000 in 2005, less than €111,000 in 2006 and less than €119,000 in 2007. Putting this in another way, income above these levels in each year can be defined as ‘high pay’. To put this level of pay in context, between 2005 and 2007 over one in six households had a low income that made them ‘at risk of poverty’. More than one household in sixteen (6.3 per cent) was in consistent poverty during the same period. Hence, high pay between 2005 and 2007 was already over ten times the risk of poverty threshold.

FIGURE 6 – Comparison of directors’ annual remuneration with the normal economy



3.26 As shown in Table 8 and illustrated in Figure 6, the average pay of directors over the period 2005-2007 was many times the level of ‘high pay’ (€102,000-€119,000) in the economy as a whole. The poverty threshold averaged €10,835 during this period.

3.27 CEOs in private companies in 2005 were paid nearly 11 times (10.9) the ‘high pay’ threshold of €102,000 for that year and 110 times the ‘at risk of poverty’ threshold. This rose to nearly 14 times (13.6) the high pay threshold of €119,000 in 2007, and 136 times the ‘risk of poverty’ threshold. In the 21 companies for which this information was available, the lowest CEO payment in 2007 was €140,000 (Kerry Group) and the highest was €3,998,000 (Bank of Ireland). The median payment was €1,362,000 (Irish Life and Permanent).

3.28 Two additional factors may enhance the above remuneration: share options and loans. Board executives typically benefit from share options in private companies and can have access to loans on favourable conditions. Professor Gerard Hughes has noted that the average annual employer pension contribution in 2008 for executive directors in large

publicly quoted Irish companies amounted to nearly 46 times more than for other covered employees; €124,000 versus €2,700 (Hughes, 2010). These factors can represent significant additional financial benefits from board membership beyond the remuneration that is typically published in annual reports (and hence available for analysis in this study).

- 3.29** Out of the seven State-owned bodies in respect of which this information was available, CEOs remuneration in 2007 ranged from €251,366 (Enterprise Ireland) and €698,000 (Dublin Airport Authority). The median level of pay was €461,000 (Bord Gais).
- 3.30** The pay of non-executive directors in the period 2005 to 2007 was just over half of the ‘high pay’ threshold (53 to 56 per cent). But it must be remembered that this remuneration was for a part-time position that might involve 40 working days a year, or possibly much less. The evidence shows that nearly all members of the Director Network had multiple directorships for a number of which they would have been paid significant remuneration. In 2007, the lowest payment to non-executive directors was €29,777 (Aer Lingus) and the highest was €135,000 (ICG). The median payment was €58,970.
- 3.31** Chairpersons in private companies were paid between €85,000 (Glanbia) and €864,000 (Grafton Group) in 2007. The median was €200,000, which suggests in this case that the arithmetic average (mean) value of €267,600 was skewed upward by a small number of high payments.
- 3.32** Executive directors in private companies were paid between €432,000 (ICG) and €1,818,332 (Elan). The median was €745,052, which suggests the mean of €893,857 was skewed upwards by a small number of high payments.
- 3.33** It has been argued that remuneration packages in the Irish banking sector skyrocketed from 2000 onwards. Shane Ross describes the regime in Anglo Irish Bank in the 2007-2008 period: “it is hard to find a more extreme example of corporate gluttony,” (Ross 2009: 61). There is evidence that pay to directors of financial institutions was high when compared with pay rates enjoyed by comparable directors in other countries. This is shown in the Government’s review of pay to bank directors and executives in February 2009 by the Covered Institutions Remuneration Oversight Committee (CIROC), which called for up to a 64 per cent decrease in their levels based on a comparison with the UK.
- 3.34** The Government’s bank guarantee scheme included a provision to allow the Government to cap remuneration (including base salaries, bonuses and pension levels) for Chief Executives, chairs and ordinary board members. The Government stated that it considered these to be “in many cases, markedly excessive”. Following the report of CIROC, the Government requested lower remuneration terms for financial institutions, including a salary cap of €500,000. The Government in fact went beyond the report’s recommendations when it sought further decreases in the level of remuneration. This evidence suggests that pay was excessive, on the boards of banks at least, in comparison with the UK. However, equivalent evidence is not available for other sectors. Table 9 compares the recommended maximum payment to board members of the main financial institutions with their 2007 levels of pay.

TABLE 9 – Comparison of 2007 pay and recommended pay to boards of financial institutions 29

| FINANCIAL INSTITUTION | ACTUAL CHAIRPERSON'S PAY IN 2007 | RECOMMENDED MAXIMUM FOR CHAIRPERSON (2009) | ACTUAL NON-EXECUTIVE DIRECTORS' PAY IN 2007 | RECOMMENDED MAXIMUM FOR NON-EXECUTIVE DIRS. (2009) |
|------------------------|----------------------------------|--|---|--|
| AIB | €475,000 | €276,000 | €76,417 | €55,000 |
| Bank of Ireland | €483,000 | €276,000 | €79,666 | €55,000 |
| Irish Life & Permanent | €320,000 | €218,000 | €84,143 | €44,000 |
| Anglo Irish Bank | €431,000 | €218,000 | €76,375 | €44,000 |

Remuneration includes salary, fees, pension contributions, taxable benefits, profit shares and bonuses reported in the annual reports for 2007.

- 3.35** One of the arguments advanced to justify the excessive pay of directors is that a failure to pay these rates will result in a 'loss of talent', and that this would be detrimental to competitiveness. However, there is little evidence to support this argument. The market for executive talent in Ireland has never been very competitive or liquid. The Government's own review of Irish bankers' pay in February 2009 found no evidence that retaining senior staff was difficult for the Banks. Many of those in key positions had not been headhunted, but had been promoted from within the organisations.

“if we are driving people away [from London] with the types of standards I am proposing, you have to question whether we would want to keep them anyway,”

Sir David Walker in relation to the UK financial services industry

(FairPensions, 2009: 11)

- 3.36** Crucially, the high pay rates enjoyed by board directors must be seen in a context where single individuals often hold multiple directorships, and draw considerable pay from many of these positions. Not only does holding multiple directorships potentially mean that individual directors are overstretched in terms of carrying out their duties, but it also means that companies paying these rates could be getting exceedingly poor value for money, in terms of the time that these well-paid directors have available to dedicate to their duties on multiple boards.

- 3.37** The eleven most well-connected members of the Director Network, identified in Chapter 2, earned considerable sums for their work on multiple boards. It has to be remembered that these earnings are additional to their earnings either as CEOs or members of senior management of companies outside the 40 reviewed in this study, as well as any payments from additional directorships. Table 10 gives the total sums earned by each for the directorships they held within the 40 private companies and State-owned bodies in this study.

TABLE 10 – Remuneration of the 11 most well-connected members of the Director Network

| | REMUNERATION* | BOARD POSITIONS |
|-------------------|-------------------|------------------------------|
| Crowley, Laurence | €477,007 (2005) | Chair x1 NED x1 |
| FitzPatrick, Sean | €774,000 | Chair x2 NED x3 |
| Heraty, Anne | €132,083 | NED x3 |
| Kennedy, Gary | €2,994,575 (2005) | Exec Dir x1 NED x2 |
| Lynch, Philip | €383,000 (2005) | NED x3 |
| McCann, Gary | €2,760,333 | CEO x1 Chair x1 NED x2 |
| McCourt, Declan | €147,500 (2006) | NED x3 |
| McGowan, Kieran | €527,291 | NED x5 |
| Neill, Terry | €185,000 | NED x2 |
| Somers, Bernard | €310,000 | NED x4 |
| Sullivan, Ned | €428,000 | Chair x2 NED x1 |

Source: annual reports

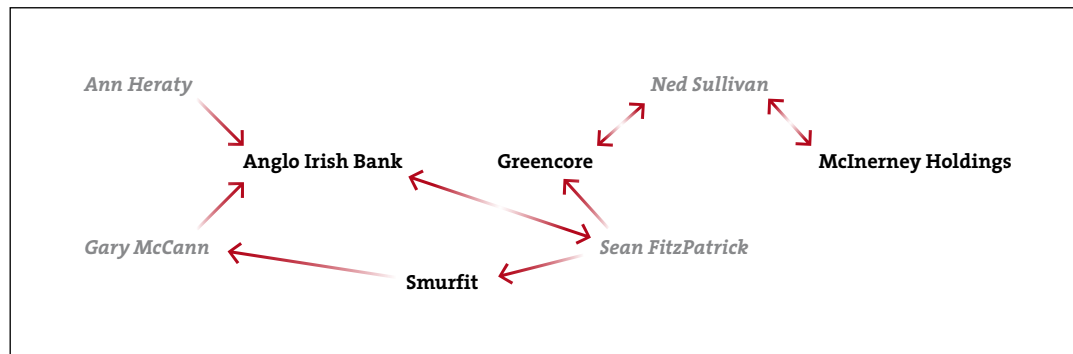
* Remuneration includes salary, fees, pension contributions, taxable benefits, profit shares and bonuses reported in the annual reports for 2007 for those companies for which information was available, or the nearest year where the individual holds the most directorships. Payments to board members of State-owned bodies are simple averages of total board fees, where this information was not disaggregated in the annual reports. Remuneration applies only to the 40 top companies in this report, not to pay from additional directorships or other employment outside of these companies.

NED = non-executive director

- 3.38** The above table shows that well-connected directors were also well-remunerated, although this varies greatly. Leaving aside the outliers (one CEO and one executive director's remuneration), payment to non-executive directors was on average over €77,000 per position and payment to chairs was on average over €240,000 per position. As a consequence of holding multiple directorships, total payments for chairperson or non-executive positions averaged €312,646 for each well-connected director. Again, the part-time nature of these positions must be noted. Also, the above figures are only for the companies in this study, and do not include benefits such as share options, loans, or earnings from other management roles, directorships, etc.
- 3.39** The overlap of interests between a small number of directors is further illustrated when we look at the frequency of their representation on the remuneration committees of the boards on which they served. For example, in 2007, five of the eleven sat on at least one of the remuneration committees of the Interlocking Boards. Figure 7 illustrates this. Arrows away from a person indicate influence while arrows towards a person indicate benefit, although a double arrow does not necessarily mean that individuals directly set their own remuneration, as this report found no evidence of that.
- 3.40** The Combined Code defines the role of the remuneration committee as follows: "The remuneration committee should have delegated responsibility for setting remuneration for all executive directors and the chairman, including pension rights and any compensation payments. The committee should also recommend and monitor the

level and structure of remuneration for senior management. The definition of ‘senior management’ for this purpose should be determined by the board but should normally include the first layer of management below board level.” (June 2008: B 2.2). The function of remuneration committees varies from company to company, but they generally fix the remuneration level of CEOs and board chairs, whereas the latter sometimes set the remuneration of non-executive directors.

FIGURE 7 – Role of 11 well-connected directors on remuneration committees (2007)



3.41 What the above illustrates is that:

- Sean FitzPatrick, Ann Heraty and Gary McCann were members of the remuneration committee of Anglo Irish Bank that set the payment for the chairperson, who was Sean FitzPatrick;
- Sean FitzPatrick as chair of Anglo Irish Bank, was involved in setting the remuneration of non-executive directors, who included Ann Heraty and Gary McCann;
- Sean FitzPatrick was chair of Smurfit and was a member of the remuneration committee of Smurfit, hence involved in setting the remuneration of Gary McCann, who was CEO of Smurfit;
- Sean FitzPatrick was a member of the remuneration committee of Greencore, which set the remuneration of Ned Sullivan, chair of Greencore. Ned Sullivan was also a member of the remuneration committee of Greencore;
- Ned Sullivan was a member of the remuneration committee of McInerney Holdings;
- Many companies report that directors who sit on the remuneration committee are not directly involved in setting their own pay; hence it cannot be assumed that these individuals were directly involved in setting their own level of remuneration.

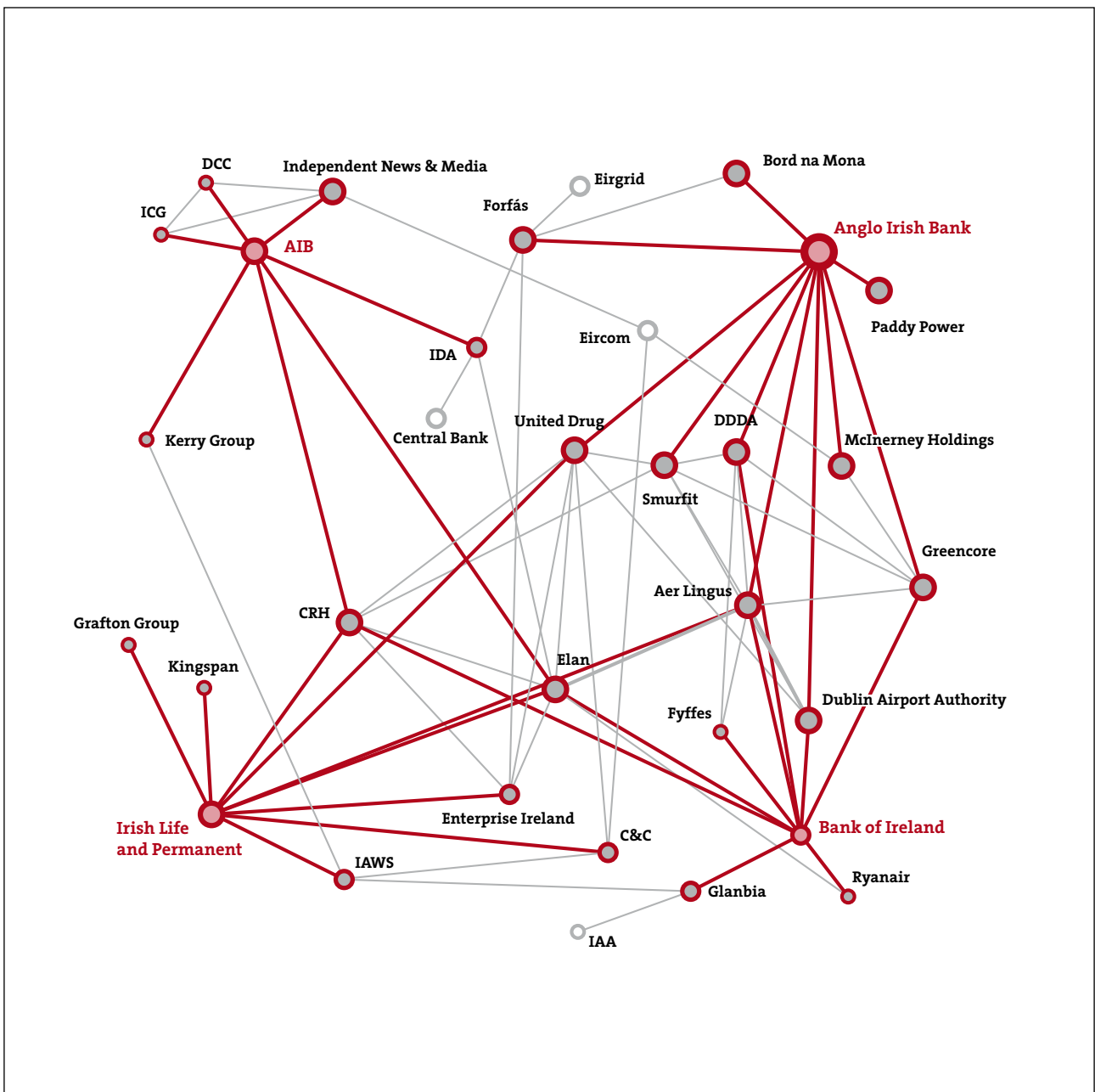
3.42 Remuneration and, in particular, the role and work of a board’s remuneration committee is acknowledged to be an area where the current system of regulation and governance has failed. The growing trend, shared with other economies, towards linking pay to short-term profitability and inappropriate risk-taking has been a key feature of the recent banking failures. The 2003 version of the Combined Code had suggested that all members of remuneration committees should be independent, non-executive directors. However the 2006 changes to the Combined Code allowed chairpersons to sit on (but not chair) sub-committees on remuneration, even when those sub-committees set those chairpersons’ level of pay. More than two-thirds of companies in the 2010 Grant Thornton corporate governance survey availed of this option, of which four, in contravention of the Code, confirmed that the chair of the board also chaired the remuneration committee (Grant Thornton, 2010).

- 3.43** In the UK, it is argued that remuneration committees have failed to impose effective controls on directors' remuneration, pensions, options and bonuses. The reasons for these failures include an element of 'capture' (the non-executives on the committee do not wish to fall out with their executive colleagues) and self-interest (higher executive pay has a ratchet effect on non-executive pay) (Hannigan, 2009: 7).
- 3.44** In the financial sector globally, excessive remuneration paid to both executive and non-executive board members has distorted the incentive structure in the sector, encouraging risk-taking and short-term profits rather than sustained company performance. This has led the G-20 to agree on reforming compensation practices to support financial stability through a number of measures, in particular by ensuring the independence of compensation committees which oversee compensation policies (G-20, September 2009).
- 3.45** A recent OECD review finds that remuneration systems "have often failed because negotiations and decisions are not carried out at arm's length. Managers and others have had too much influence over the level and conditions for performance-based remuneration, with boards unable or incapable of exercising objective, independent judgement." (OECD, June 2009: 7). In the absence of any statutory (or even culturally-imposed) ceiling on pay, the independence of non-executive directors is the strongest available mechanism to ensure proper governance of remuneration/incentive systems.

4. The Financial Sector

4.1 At this point it is important to note the central role played by financial institutions in the 33 Interlocking Boards. The three most-tightly interwoven boards were all financial institutions: Anglo Irish Bank with ten links, and Irish Life and Permanent and Bank of Ireland, which each had nine links to other companies. Allied Irish Bank (AIB) also had a large number of links, to seven other firms. These links are shown in Figure 8. As illustrated, only four companies did not have a director sitting on the board of one of the four financial institutions.

FIGURE 8 – Financial Institutions’ Influence in the Interlocking Boards



- 4.2 The extent to which the boards of all four financial institutions were interwoven with other major enterprises illustrates the extent to which the corporate governance of these bodies may have been weakened because of the other commitments of their board members. The UK’s Walker Review recommends that non-executive directors on the boards of banks should be expected to give greater time commitment than has been normal in the past. The UK Treasury Select Committee report on the banking crisis identified the lack of time many non-executives devote to their role, with many combining a senior full-time position with multiple non-executive directorships, as one of the key problems (TSC, 15 May 2009).
- 4.3 Niall FitzGerald, the former chairperson and CEO of Unilever Europe and chairperson of Reuters, asked bank director friends in summer 2009 “Were they aware of the risks that were being taken and thus ‘complicit with the recklessness’ or were they unaware of what was going on and thus failing to discharge their responsibilities as directors.” (Irish Times, 6 March 2010)
- 4.4 As noted in Chapter 2, each of the eleven most-connected members of the Director Network was on the board of one of the four financial institutions. In fact, a total of 24 out of 39 members of the Director Network sat on a board of one of the four. This is shown in Table 11.

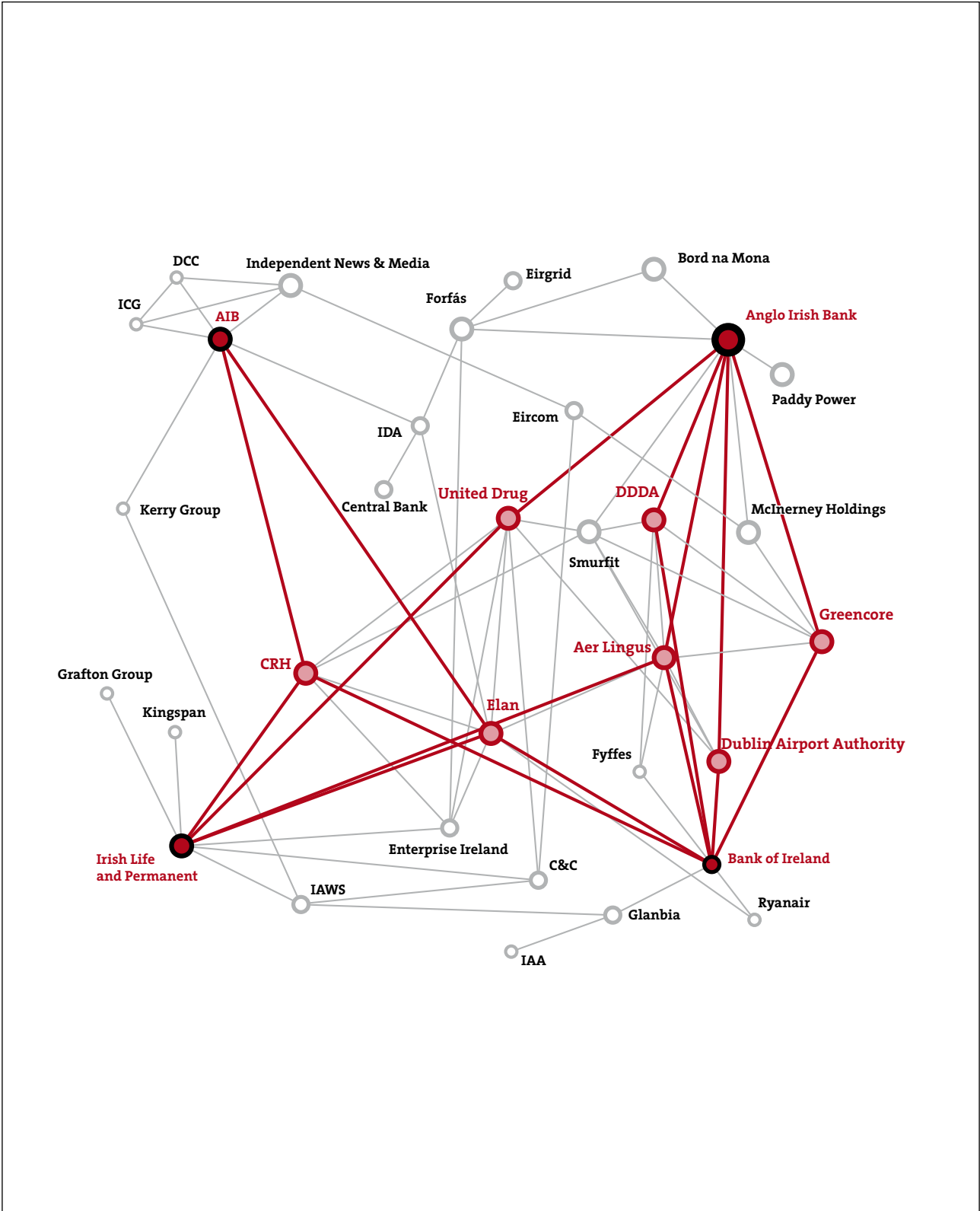
TABLE 11 – **Overlap between Director Network and financial institutions**

| AIB | ANGLO IRISH BANK |
|--|--|
| Kennedy, Gary McGuckian, John O’Connor, Dan Somers, Bernard Sullivan, Michael J | Bradshaw, Lar Drury, Fintan FitzPatrick, Sean Heraty, Anne McCann, Gary Sullivan, Ned |
| BANK OF IRELAND | IRISH LIFE AND PERMANENT |
| Crowley, Laurence Dilger, David Haran, Paul Hodgkinson, Michael MacSharry, Ray McCourt, Declan Moran, Thomas Neill, Terry | Bowler, Gillian Byrne, David Gray, Danuta Lynch, Philip McGowan, Kieran |

- 4.5 The strongest concentration of interlocking directors was found within the financial services sector. The 24 directors held a total of 63 directorships between them across 25 boards, which is over two-thirds of the total number of multiple directorships among the Interlocking Boards. They also accounted for almost 68 per cent of the 398 additional directorships held by all in the Director Network.
- 4.6 Although no one individual director sat on the boards of two or more financial institutions, seven companies had different members of their boards on the boards of two or even three financial institutions. This is shown in Figure 9. Aer Lingus and CRH had board members on the boards of three financial institutions, while the DDDA, Dublin Airport Authority, Elan, Greencore and United Drug had members on the boards of two financial institutions. This level of connection with the main financial institutions raises

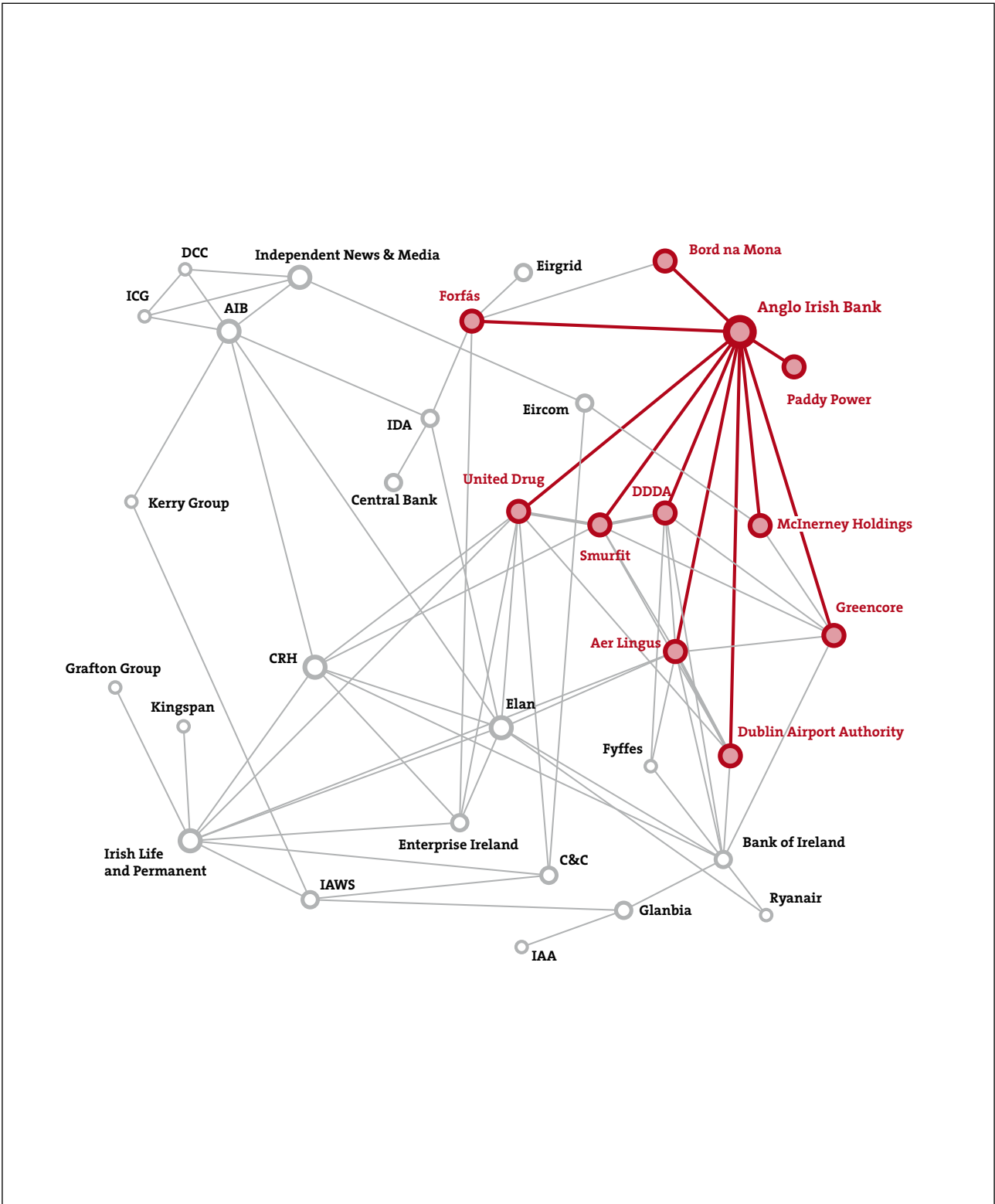
the legitimate question of whether there could be a conflict of loyalties created if these companies (or their suppliers/clients) came to seek major loans from the same institutions.

FIGURE 9 – Companies with directors on the boards of two or three financial institutions



4.7 Anglo Irish Bank was linked across the public and private sectors, with connections to the construction sector, the transport sector, the pharmaceutical sector and four of the State-owned bodies. Its connections are highlighted in Figure 10.

FIGURE 10 – Anglo Irish Bank’s links to other Interlocking Boards



4.8 Irish Life and Permanent and Bank of Ireland were both linked to the construction, transportation, food and drink and pharmaceutical industries, as well as important public bodies including the DDDA and Enterprise Ireland. AIB also had a significant number of connections. The connections of each institution are highlighted in Figures 11, 12 and 13 respectively.

FIGURE 11 – Irish Life and Permanent’s links to other Interlocking Boards

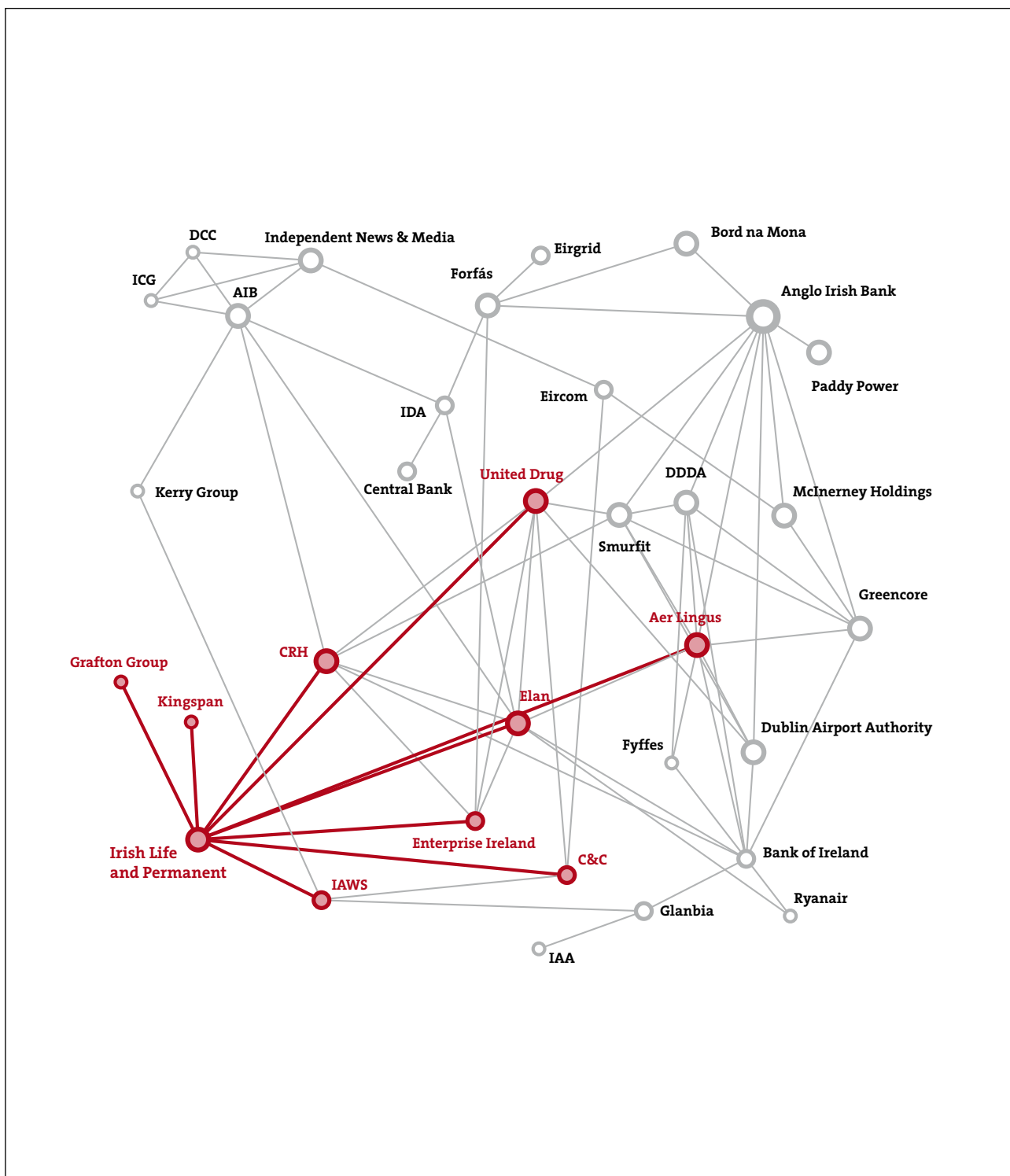


FIGURE 12 – Bank of Ireland’s links to other Interlocking Boards

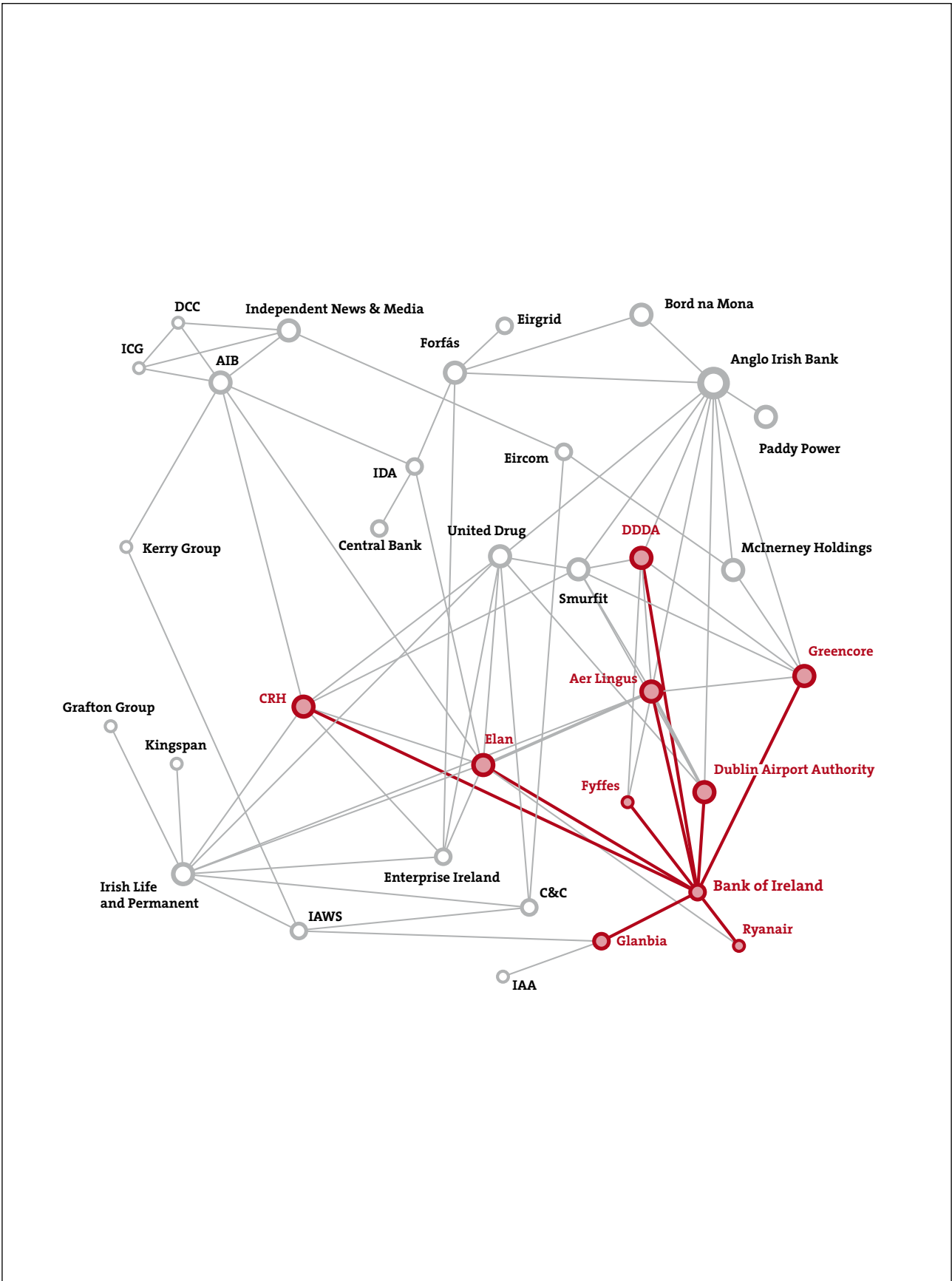
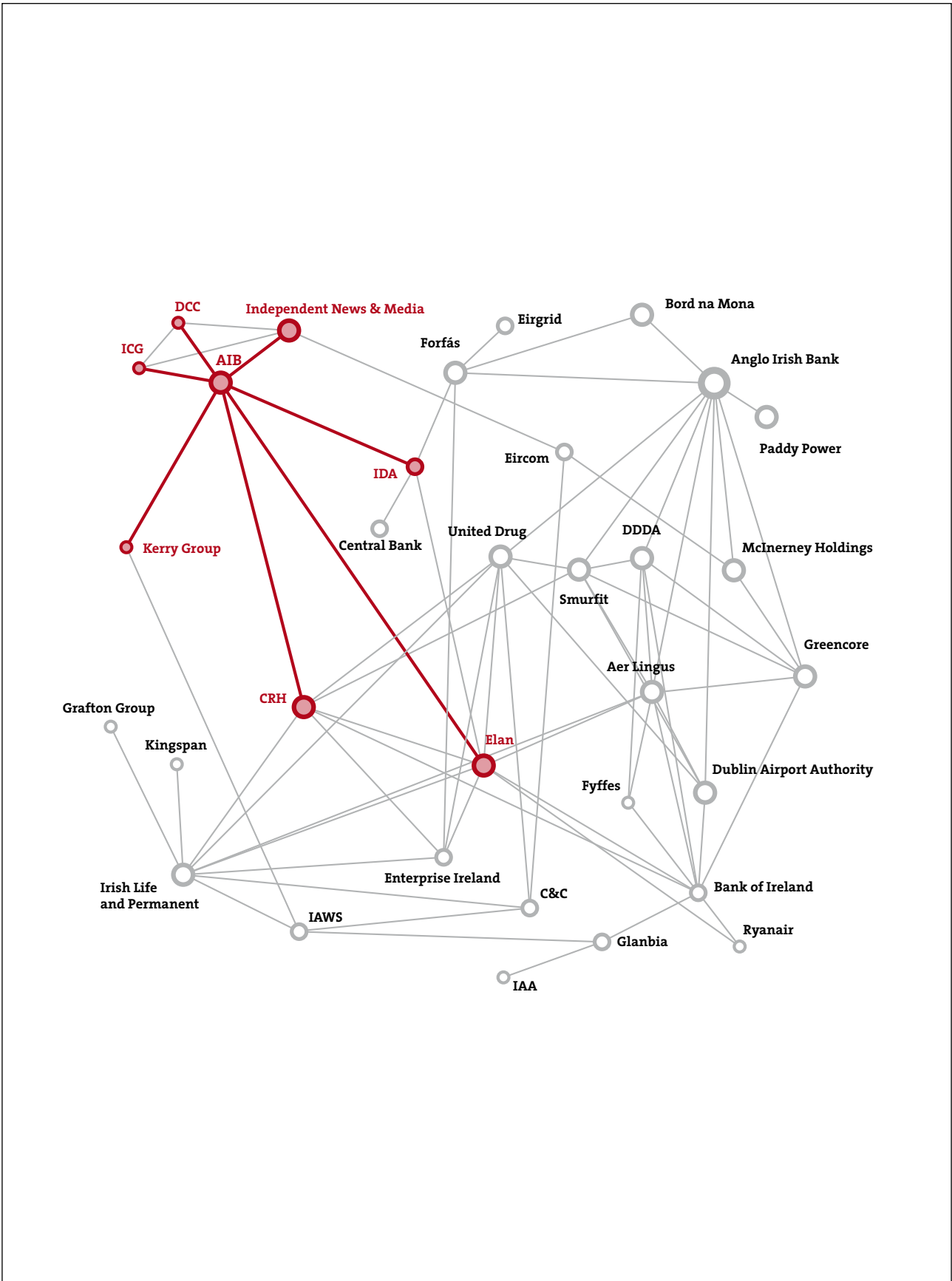


FIGURE 13 – AIB’s links to other Interlocking Boards



- 4.9** The response to the international banking crisis indicates the need for stricter rules and regulations governing banks, compared to other companies. There is a strong argument that the systemic importance of banks, and the likelihood of public money being used to prop them up, needs to be counter-balanced by statutory regulation, rather than a voluntary code.
- 4.10** In the context of the financial institutions' 'systemic' importance to the Irish economy, Table 12 illustrates their total assets for 2007. This can be compared against their operating income, which is comparable to smaller private companies – and hence less of a justification for the exceptionally high level of remuneration that occurred for members of their boards. Although bank 'assets' are very large, these differ from other companies insofar as banks' business activity involves financial transactions and does not generate these assets.

TABLE 12 – Financial Services Assets and Operating Income

| COMPANY | TOTAL ASSETS 2007 €M | OPERATING INCOME 2007 €M |
|--------------------------|----------------------|--------------------------|
| AIB | €177,862 | €4,868 |
| Bank of Ireland | €197,483 | €4,120 |
| Anglo Irish Bank | €96,652 | €1,761 |
| Irish Life and Permanent | €80,062 | €1,152 |

- 4.11** In Ireland's case, the continuing influence of a small number of well-connected individuals in the main financial institutions suggests that reform is needed in this area. Examples of this are given in Box 1.

BOX 1. CONTINUING INFLUENCE IN IRELAND'S MAIN BANKS

In the main financial institutions included in this review some recent appointments are more a reshuffle of many of the same players rather than any real increase in diversity. More recent changes show the continued influence of many of the same people.

- Dan O'Connor was on the Board of AIB since 2007 and has become its executive chairperson (in breach of the Combined Codes of Corporate Governance guidelines that precludes a former CEO serving as chairperson of the same company) (Sunday Tribune, 15 November 2009);
- The new CEO of Bank of Ireland is Richie Boucher, former head of the Bank's core Irish retail division and an existing board member (Irish Times, 26 February 2009);
- Pat Molloy, a former Chief Executive of Bank of Ireland has taken over as chairperson (RTÉ News, 9 June 2009);
- Liam O'Reilly, former financial regulator, was on the board of Irish Life and Permanent from September 2008 until early 2010 (Irish Independent, 26 March 2010);
- Gillian Bowler remains in place as chair of Irish Life and Permanent (RTÉ News, 13 February 2009);
- Irish Life and Permanent's new CEO is Kevin Murphy, former manager of its life business (Irish Times, 18 June 2009);
- The board of Anglo Irish Bank includes Maurice Keane, the former Bank of Ireland Chief Executive (Irish Times, 12 March 2010).

5. Public and Private: Two Spheres – One Circle

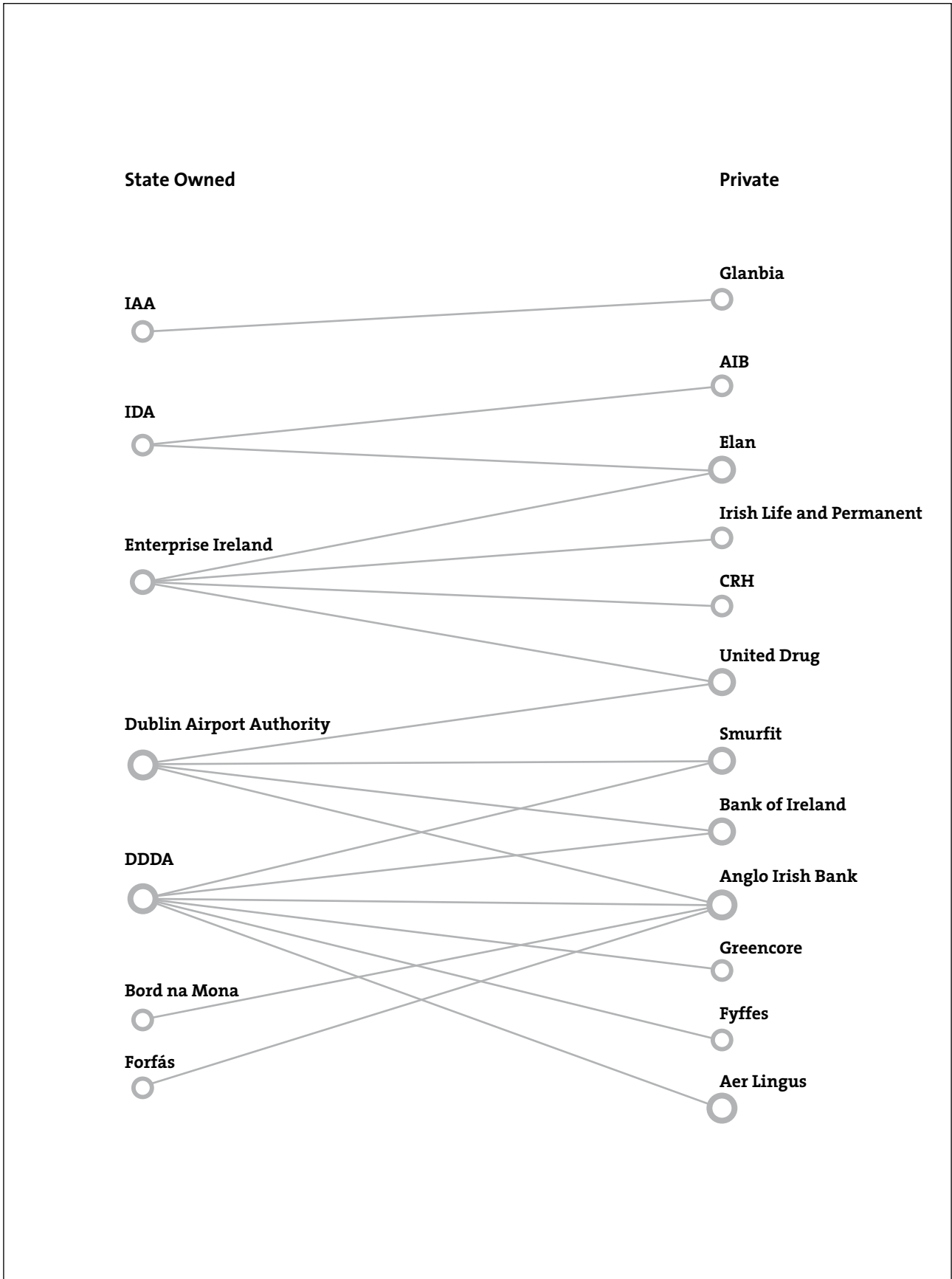
- 5.1 The existence of a small number of interconnected business people in key governance positions is not confined to the private sector. It is important to be clear why the issue of interlocking directorships between boards of State-owned organisations and private companies can be problematic. In theory, there can be useful interaction between the two sectors, and it is good practice to have people from a mixture of backgrounds on boards. Indeed, the State has often been indebted to the businessmen and women who have placed their expertise at the disposal of public bodies. However, the primary remit of State-owned bodies is, through their activities, to serve the common good. Hence, it is particularly important to ensure that the governance of public sector organisations is transparent and that they are safeguarded from any potential conflicts of interest. Such conflicts of interest could arise if directors on public sector boards have private interests which could compromise the interests of the State-owned body.
- 5.2 There are considerable director linkages between the listed companies and the State-owned bodies in our sample. Thus, there is a significant overlap between those who are responsible ultimately to the citizen, and those who are primarily responsible to market interests (shareholders). Interlocking directorships connect seven of the 14 State-owned bodies to 12 of the 26 private companies. These connections are illustrated in Figure 14.
- 5.3 These kinds of linkages appear to be common. In Ireland, many of the same people who work in, or sit on the boards of, private or listed companies are recruited to the boards of State-owned companies, with responsibilities in the same sector. The converse also occurs whereby former senior public service officials are recruited to the boards of private

companies. For example, Central Bank directors moved on to the boards of commercial banks once their terms of office in the Central Bank were over. There have also been instances of AIB and Bank of Ireland directors sitting simultaneously on the board of the Central Bank. And the CEO of the Financial Regulator's office was appointed on his retirement to the board of Irish Life and Permanent (Ross, 2009:71).

In terms of legal status, there are two principal categories of state enterprise – those established as statutory corporations by a piece of legislation that details their role, relationship to government and other such details, and those established as companies and which are incorporated under the Companies Acts.

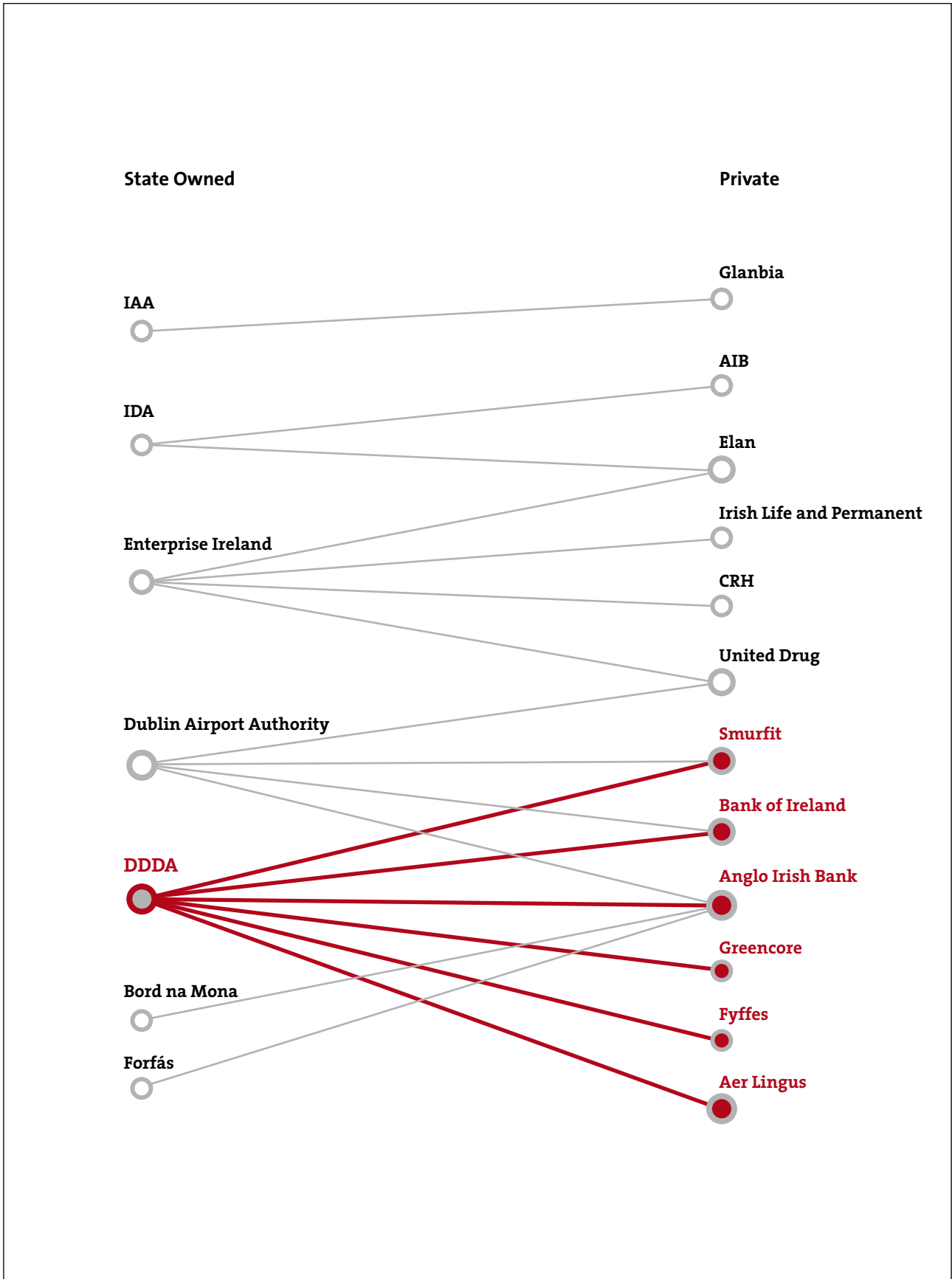
(MacCarthaigh, M, 2008: 93)

42 FIGURE 14 – Overlap between the boards of private companies and State-owned bodies



- 5.4** The fact that one in four of the Director Network simultaneously sat on the boards of both State-owned and private companies is just one indication of the blurring of boundaries between public and private spheres. Half of the eleven most well-connected directors sat on the boards of both private companies and State-owned bodies. For example, Sean FitzPatrick was a member of the DDDA and was also a Government appointee to the Board of Aer Lingus. Anne Heraty sat on two State agencies: Forfás and Bord na Mona. **43**
- 5.5** Moreover, at least half of the Director Network have at some time sat on one of the State-owned Interlocking Boards, or chaired a State-owned board not in our study, or held a senior position in the Irish public service. For example: Gillian Bowler (Chair of Fáilte Ireland); Fintan Drury (Chair of the RTÉ Authority); Sean Dorgan (CEO of IDA); Kieran McGowan (CEO of IDA); Paul Haran (Secretary General of the Department of Enterprise, Trade and Employment); Brian Hillery (former TD); Ray MacSharry (former Minister for Finance) and David Byrne (former Attorney General and EU commissioner).
- 5.6** The current controversy over the performance of the Dublin Docklands Development Authority (DDDA), a State Development Agency, and its ties to Anglo Irish Bank is a salient example of the degree to which the boundaries between the public and the private sectors have become blurred, with consequences which are inimical to the public interest. DDDA chair, Niamh Brennan, who was appointed to the post in March 2009, noting the involvement of Sean FitzPatrick and Lar Bradshaw on the boards of the DDDA and Anglo Irish Bank, said that because of Anglo's influence, the DDDA "became very focused on development and used planning to facilitate and encourage development" and that "The association between Anglo and the DDDA has not served the authority well." (*The Sunday Tribune*, 14 March 2010). The links between the DDDA and private companies are highlighted in Figure 15.

FIGURE 15 – Overlap between the boards of private companies and the DDDA



- 5.7** An IPA study of non-commercial State companies concluded that “current appointment mechanisms do not ensure that all the expertise needed on the board is appointed to it,” even though “boards play a particularly important role in monitoring financial and policy progress” (McGauran et al, 2005: xviii). The survey found that, while non-commercial State agencies had significant autonomy in the development of policy, accountability mechanisms were poorly developed. Systems for financial accountability were more strongly developed but paradoxically a lack of autonomy in this area meant that there were few incentives for agencies to economise with their funding and there was a lack of monitoring and accountability in relation to the link between funding and its effective use (ibid: 154). **45**
- 5.8** The UK Code of Practice for Ministerial Appointments to Public Bodies identifies five issues most frequently encountered when making appointments which could lead to real or apparent conflicts of interest. One of these relates to relationships and associations, including those of friendship and the potential for such to either influence actions or be perceived as doing so. The Code recommends that such an issue is sufficient grounds for excluding a candidate from appointment. Other such grounds include the potential perception of the appointment as a reward for past or future contributions or favours, and circumstances where awareness of pending Government policy arising from a board position could represent an unfair advantage for those with related business interests. For all of these reasons, TASC has argued elsewhere that Ireland needs an independent system of appointments to all public bodies (Clancy and Murphy 2006).

6. Reform of Corporate Governance

Company Boards

A typical board of directors comprises a number of non-executive directors, of whom one is the chairperson, and a number of executive directors, of whom one is the chief executive officer (CEO). In the case of some state-owned bodies, the board does not include the CEO or other organisation executives.

The role of the chairperson is to lead the Board in executing its responsibilities. S/he is responsible for leadership of the board, ensuring its effectiveness in all aspects of its role and setting its agenda so that fully adequate time is available for substantive discussion on strategic issues.

An important function of the chairperson is to guide the non-executive directors in addressing any conflict of interest that might arise because of the dual role of executive directors as employees of the company and as board directors. The role and accountability of non-executive directors needs to be centre stage so as to prevent over-concentration of power and control with the management team.

6.1 The global financial and economic crisis has revealed a financial system driven by short-termism, involving speculative and irresponsible behaviour on the part of the banking sector and its investors. When it came to a head in 2008/09 it triggered widespread reappraisal of governance systems internationally. In the context of the global economic crisis, and the particular failures that led to the generally worse situation in Ireland, one of the clear messages must be that corporate governance matters. Failures by boards of directors to prevent excessive risk-taking and short-term profiteering at the expense of long-term sustainability must be seen as one of the factors exacerbating the crisis in Ireland.

6.2 Such failures are by no means confined to the financial sector – or, indeed, to the private sector. Other major failures have occurred among the top 40 companies: in the case of the State-owned DDDA, the economic consequences of failures of governance have been widely recognised; the State agency FÁS was at the centre of a high-profile scandal resulting in the resignation of its board; and there has also been strong criticism of the part played by the Central Bank in the context of the financial crisis. Before the current recession there were a number of high-profile compliance failures in Ireland, and the most recent Grant Thornton report shows a worsening position, although this is interpreted in a positive light as the result of increasing levels of disclosure. What this implies is that compliance was over the years much worse than previously known. The latest report also comments that there is significant room for improvement in the quality of disclosure (Grant Thornton, 2010).

- 6.3** The most recent Grant Thornton report (2010) revealed that nearly two-thirds of all listed companies were non-compliant, for example, failing to comply with the provision in the Code precluding a former CEO serving as chairperson of the same company. Although the role of Sean FitzPatrick in Anglo Irish Bank was the most high profile case, other examples where this occurred in the 40 companies in our study include Grafton Group, C&C and Kingspan. The rationale for this provision is that a former executive of a company cannot be sufficiently independent to serve as an effective chairperson. There is also the concern that non-executive directors become disempowered. It is important to note that full compliance for other listed companies cannot be assumed, since the absence of disclosure does not imply compliance.

Corporate Governance is...

“the system by which companies are directed and controlled”

– Cadbury Report (UK)

“the set of rules applicable to the direction and control of a company”

– Cardon Report (Belgium)

“the major principles and frameworks which regulate the interaction between the company’s managerial bodies, the owners, as well as other parties directly influenced by the company’s dispositions and business (in this context jointly referred to as the company’s stakeholders). Stakeholders including employees, creditors, suppliers, customers and the local community.”

– Nørby Report (Denmark)

“a code of conduct for those associated with the company... consisting of a set of rules for sound management and proper supervision and for a division of duties and responsibilities and powers effecting the satisfactory balance of influence of all the stakeholders.”

– Peters Report (Netherlands)

“the legal and factual regulatory framework for managing and supervising a company.”

– Berlin Initiative Code (Germany)

6.4 More recently, little has changed. When Dan O’Connor was appointed AIB’s executive chairperson in breach of corporate governance guidelines, the Corporate Governance Association of Ireland (CGAI) issued a statement expressing its concern but for reasons that are unclear the Irish Association of Investment Managers (IAIM), which represents institutional investors, did not object (Sunday Business Post, 22 Nov 2009).

6.5 Good corporate governance requires non-executive board directors to be independent, competent to do the job and responsible to all stakeholders. These characteristics assume that individual directors truly act at ‘arms-length’ from the executive of the company and uphold the interests of stakeholders. When the characteristics of good governance are in place, boards – especially non-executive directors – have an important role in scrutinising a company’s plans and activities to ensure these are not short-term and ultimately damaging to the organisation. While this may constrain the immediate ambitions of management, the counter-balance of a board providing scrutiny and a longer-term perspective is more likely to benefit the organisation and its wider stakeholders.

6.6 In Ireland, the existing regulatory framework affecting private listed companies is ‘light touch’. Companies listed on the Irish Stock Exchange are required to disclose their compliance with the UK Combined Code on Corporate Governance, although the Code does not form part of the Listing Rules of the Exchange. The Combined Code on Corporate Governance sets out standards of good practice relating to board composition and development, remuneration, accountability, audit systems and relations with shareholders. All UK incorporated companies with a primary listing are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts, and either to confirm that they have complied with the

Code’s provisions or – where they have not – to provide an explanation for their failure to do so (a process known as ‘comply or explain’).

6.7 In continental Europe there are significant differences in how boards and corporate governance operate. While no single system has emerged as superior, it is important to note that there is a wide range of options for changes in Ireland based on successful practice in other countries. Some sample features of continental corporate governance that could be considered include: the legal requirement of employee representation on the

boards of larger German firms; legal quotas requiring 40 per cent women's representation on boards in Norway; and enhanced accounting requirements in the USA.

- 6.8** The banking crisis and the economic recession are widely attributed, at least in part, to widespread failures of corporate governance, and not just in the financial sector. In acknowledgement of this, a review of the governance of banks and other financial institutions was established in the UK (the Walker Review), together with a parallel review of the UK's Combined Code to reassess corporate governance in other listed companies. The subsequent reform proposals include strengthened principles and guidelines on a range of issues including the role of the chair and the non-executive directors, the handling of risk and the alignment of pay with the long-term interests of the company.
- 6.9** In Ireland, so far, there has been a review of the pay of those bank boards which came under the bank guarantee scheme. There has also been a review of the code of practice for the governance of public bodies. The Minister for Finance, Brian Lenihan, is on record as saying that he would bring in measures to clamp down on crony capitalism in Ireland, including a ban on cross-directorships. The Renewed Programme for Government (10 October 2009) made a commitment to put the principles of the Combined Code of Corporate Governance on a legislative footing for all listed companies, as well as State-sponsored bodies, in relation to a number of issues. These included: board composition and independence; segregation of CEO and Chair; clear definition of executive and non-executive responsibilities; selection of non-executive directors; and sanctions for non-compliance. However, notwithstanding these proposals, there seems to be a reluctance on the part of Government to acknowledge the scale of the crisis and the need for fundamental reform. For example, the Tánaiste and then Minister for Enterprise, Trade and Employment, Mary Coughlan, addressing the Irish Stock Exchange in January 2010, asserted that "A balance must be struck between necessary regulation and avoiding unnecessary administrative burdens, which would only serve to hinder Irish companies' efforts to regain competitiveness, improve productivity, and increase exports" (Department of Enterprise, Trade and Employment, 2010).
- 6.10** Furthermore, as recently as 2009, in its response to the FRC review of the Combined Code, the Irish Stock Exchange stated that "we believe that the Code is generally operating well and facilitating listed companies in adopting good corporate governance procedures ... other than our comments regarding the roles of the chairman, the CEO and the Board, we are not aware of any aspects of good governance practice that are not currently addressed by the Code or its related guidance." (FRC, March 2009). This sentiment was echoed in the review of the Combined Code currently being conducted in the UK, which states "While the Combined Code and its related guidance require some updating, it remains broadly fit for purpose." (FRC, December 2009). The above shows a continuing strong commitment among market participants to the failed concept of 'self-regulation'.
- 6.11** The OECD review of corporate governance argues that "it appears difficult and perhaps impossible to find a 'silver bullet' in the form of laws and regulations to improve board performance" (OECD, June 2009: 9). However, the failures that prompted the recent focus on governance and regulatory failure are having such a profound impact on the lives of ordinary people that it is no longer sufficient to simply reform governance systems to better protect shareholders. The only conclusion that can be drawn from the evidence, both here and in other countries, is that 'self-regulation' has not delivered good governance. Hence, there is a strong case for legislative action to address the inadequacy of existing guidelines/rules on numbers of directorships, cross-directorships, multiplicity of roles and remuneration.

- 6.12** It seems clear that legislation relating to multiple directorships is necessary, substantially restricting the number an individual can hold. The limit of twenty-five directorships (not including subsidiaries) introduced by the Companies (Amendment) (No. 2) Act 1999 now needs significant reform in light of experience. In particular, there is a strong case to be made for reducing or eliminating the practice of cross-directorships, whereby a director from company A sits on the board of company B, and a director from company B sits on the board of company A at the same time. At a minimum, if this practice is retained, cross-directorships should be governed by stricter and more transparent rules.
- 6.13** In relation to the issue of adequate time to properly fulfil the duties of a board director, while the current proposals to strengthen the Combined Code of Governance include a new statement that directors must be able to properly fulfil their duties, this still falls short of providing clear guidance on the number of directorships which may be held at any one time. Furthermore, the Higgs Review recommended that a board should not agree to a full time executive director taking on more than one non-executive directorship in a publicly-quoted company, or the chairpersonship of such a company (Higgs, January 2003).
- 6.14** Tighter criteria for ensuring the independence, objectivity and competence of directors, in both private and State-owned companies, are needed. The recent OECD report on the main messages to emerge from the failures of corporate governance and their links to the financial crisis usefully discusses the notion of extending the concept of a 'fit and proper person' test. To date, this test has been used by regulatory authorities in relation to the banking sector, because the systemic importance of this sector requires greater oversight. However, this has been confined solely to an assessment in terms of fraud and history of bankruptcy. The report now suggests that there is a case for this test to be expanded to cover not only technical and professional competence, but also the issues of independence and objectivity (OECD, June 2009: 45).
- 6.15** Rules governing decisions on remuneration and/or loans to directors or employees should be reformed. In particular, it is time to start a national debate on the question of a cap on the salaries and bonuses of CEOs and senior management so as to promote greater social equality as well as to encourage prudent, long-term behaviour rather than the reckless, short-term pursuit of profit. It is questionable whether the current available remedies are sufficiently robust to address this problem.

CORPORATE GOVERNANCE OF STATE-OWNED COMPANIES

- 6.16** At a minimum, the same standards of corporate governance should apply to State-owned bodies as apply to private companies. Furthermore State-owned bodies should be governed by additional standards to ensure their non-profit, public interest activities are safeguarded. Irish State-owned bodies currently operate according to their own code, the Code of Practice for the Governance of State Bodies. First introduced in 1992, it was updated in 2001 and most recently revised in June 2009. The Code of Practice is intended to ensure that State bodies serve the interests of the citizen, pursue value for money in their endeavours (including managing risk appropriately), and act transparently as public entities.
- 6.17** The Code of Practice sets out its *raison d'être* thus: "High standards of corporate governance in all State Agencies, whether in the commercial or non-commercial sphere, are critical to ensuring a positive contribution to the State's overall economic efficiency and

competitiveness.” Yet, this Code does not apply the same standards of transparency as the Combined Code for listed companies. It also fails to cover a number of important regulatory agencies, including the Central Bank.

- 6.18** A cavalier approach on behalf of the State to the democratic basis for transparency and accountability is reflected in the difficulties experienced in the course of this research in accessing the same level of information on State companies as is available on private (listed) companies. The 2001 guidelines (operable in the period covered by this study) state that the chairperson’s annual report should include a schedule of the fees and the aggregate expenses paid to each director. As described above, in general, information on remuneration within State-owned bodies was provided in the aggregate, which (while strictly complying with the letter of the Code) ignores the higher standard set for listed companies. In some cases, no information on fees was provided at all in the written documentation and, when directly requested to provide it, a number of State bodies refused and proposed that we submit a Freedom of Information (FOI) request. Yet others would not provide the information and are not covered by the FOI Act. The Code was updated in 2009 but appears to demand little more transparency than was the case under the 2001 guidelines.
- 6.19** Following a series of controversies during the early 1990s, mechanisms were put in place to increase the accountability of central Government. Such mechanisms include, for example, the enactment of Freedom of Information and Ethics in Public Office legislation, as well as the recently updated Code of Practice for the Governance of State Boards. However, while all these measures were designed to foster a culture of transparency and accountability, they often stop short at the door of public bodies – or, more precisely, at the boardroom door. Too many public bodies are specifically exempted from such oversight legislation. These exemptions were addressed comprehensively by TASC in 2006 in *Outsourcing Government*. The conclusion was drawn then that there was evidence that at least some exclusions of public bodies from accountability legislation result from deliberate decisions by Government departments, indicating a real resistance to moving to open and accountable Government. A recent speech delivered by the Ombudsman and Information Commissioner confirms that this culture continues to hold sway.
- 6.20** The Information Commissioner, Emily O’Reilly, commented that “not only are some public bodies not included [under Freedom of Information] but in recent years a practice has developed of removing public bodies or functions of public bodies from the scope of the FOI Acts” and she concludes that “One can only wonder at the governance arrangements that permit this piecemeal and sectional approach to FOI policy which completely ignores the public interest in favour of political and administrative pragmatism.” (O’Reilly 2010)
- 6.21** TASC argues that a more open system of public decision-making is essential to dealing with the crisis in governance across both the public and private sectors. Procedures to ensure openness will make Governments more directly accountable to the citizens for the functioning of State-owned bodies. In turn, more open Government will allow citizens to question the Government on any laxity that remains within the rules and regulations governing the private sector. Elsewhere, TASC has also made the case that Ireland needs an independent system of appointments to all public bodies (Clancy and Murphy 2006). At a time when Government influence and control over the financial services sector is growing, and includes control over a number of appointments to the boards of these companies, the issue of an independent system has become even more critical.

GOVERNING IN THE PUBLIC INTEREST

- 6.22** While adequate regulation (and implementation of that regulation) governing numbers of directorships, cross-directorships, multiplicity of roles, selection and remuneration must be addressed and forms an important part of the solution to governance problems in both the public and the private sectors, such regulation in itself will not address a far more fundamental issue: the need to ensure that the public interest is central to corporate governance. The basic motivation of private companies must be restated in a way that incorporates the public interest, while there must also be far greater accountability and transparency in the way our State-owned organisations are run.
- 6.23** For a company to function in the public interest, it must be run in a manner which protects its long-term viability and is consistent with the general welfare of the economy and society as a whole. Reasons for regulating in the public interest include the need to provide for market failure; to redistribute resources; to provide for unemployment, ill-health and old age; and to limit the damage to the environment.
- 6.24** Currently, both company law and the voluntary Combined Code on Corporate Governance are structured so as to protect 'shareholder interests'. The pre-eminence given to shareholders is linked to the notion of maximising 'shareholder value' (a stock market's valuation of a company's shares). However, there is considerable evidence that this shareholder value model brings with it significant adverse economic and social consequences, not least greater income and wealth inequalities in society as a whole. (McSweeney, 2008: 21-22).
- 6.25** Not all companies are focussed on maximising shareholder value, and many countries and regions have laws which insist on wider interests being taken into account in corporate decision-making. About half of the states in the US have enacted some form of stakeholder-oriented laws (primarily concerning a corporation's employees). Other business models exist in most of Europe (excepting Ireland the UK) which seek to protect not just investors but a wider set of stakeholders – including employees and customers. For example, some German companies are governed by boards on which workers and management are equally represented.
- 6.26** A key part of the solution must include addressing the issue of shareholder behaviour, especially institutional shareholders. The recent OECD report on the relationship between corporate governance and the financial crisis noted that, in some instances, because of a shareholder focus on short-term gains, attention to "the effect of excessive risk taking policies" on the part of the company's management was neglected (OECD, June 2009: 53). Many institutional investors have little proactive engagement with companies to manage risk. Citizens (end-beneficiaries such as pension fund members and life and pension policyholders) affected by the behaviour of private companies and/or financial institutions such as pension funds, which theoretically represent their interests, have no direct say in the decisions they take.
- 6.27** A new frame of reference for stronger corporate governance must rest on a fundamental shift from the failed notion of 'shareholder value' to real stakeholder involvement. A new legislative framework could include an obligation to make the board's overriding duty the promotion of the long-term success of the company. This could include a statutory definition of stakeholders, thus obliging boards to have regard to the interests of wider stakeholders such as customers, employees and society at large. Other options include

ensuring that a proportion of non-executive directors on the boards of ‘public interest’ companies are independently appointed, and establishing quotas to ensure diversity on boards, possibly involving employees and customers. It could also include reforms such as disclosure of voting records, reporting in a manner which end-beneficiaries can easily evaluate and provision for statements on environmental and social impact (see for example: OECD, June 2009: 53-54; FairPensions, September 2009).

Appendix 1: Method

- A1.1** The time period for the study was 2005-2007, which was the final part of the ‘Celtic Tiger’ period in the Irish economy, just prior to the collapse in the Irish economy from 2008. The study sought to test the hypothesis that the boards of top Irish businesses and State-owned bodies were run by a small pool of well-connected individuals.
- A1.2** Step one in the study was to identify a group of Ireland’s leading private companies and State-owned bodies.
- A1.3** It was beyond the scope of this study to examine all of Ireland’s top private companies. Hence the decision was taken to limit the study to private companies with (a) primary or dual listings on the Irish Stock Exchange, and placed in the top 250 of the influential Irish Times Top 1000 Companies List, or (b) those financial companies that held primary or dual listings on the Irish Stock Exchange, and were included in the Top 10 of the Irish Times Top 80 Financial Companies. These selection criteria identified companies that are important to the economy while, crucially, also ensuring that the researchers had access to consistent and comparable information about the companies under examination, as all companies listed on the Irish Stock Exchange have to provide certain basic information about their boards of directors in their annual reports.
- A1.4** The result of the application of the above criteria was that 24 private companies were identified for inclusion in the study. Two additional companies were included that were not listed on the Irish Stock Exchange: Fyffes and Eircom. These were added to the study because of a qualitative assessment of their importance to the Irish economy. Fyffes is one of the oldest major companies in the country dating back to the 1880s, while Eircom was a publicly-quoted company until it was de-listed in August 2006, mid-way through the period of this review.
- A1.5** The 14 State-owned bodies include commercial enterprises, economic development agencies and business regulatory bodies. Their selection was based on a review of the IPA and TASC lists of public bodies (McGauran et al, 2005; Clancy and Murphy, 2006), with the aim of including those State-owned bodies that were assessed as important to the economy.
- A1.6** Table 13 lists the 40 top companies examined in this research, grouped by industry and whether private or State-owned. In total (based on available data, see Table 1) these companies employed over 310,000 people and had a combined turnover/annual budget/operating income of nearly €80 billion in 2007.

TABLE 13 – The 40 companies in this study

| | PRIVATE COMPANIES | STATE-OWNED BODIES |
|--------------------|--|---|
| Financial services | Anglo Irish Bank AIB Bank of Ireland Irish Life and Permanent | The Central Bank |
| Construction | CRH Kingspan The Grafton Group McInerney Holdings | DDDA |
| Transportation | Aer Lingus ICG Ryanair | CIE Dublin Airport Authority Irish Aviation Authority |
| Food Industry | C&C Fyffes Glanbia Greencore IAWS The Kerry Group | - |
| Energy | Dragon Oil Tullow Oil | Bord Gais Bord na Mona ESB Eirgrid |
| Other | DCC Eircom Elan INM Paddy Power Smurfit United Drug | An Post Enterprise Ireland FÁS Forfás IDA |

- A1.7** Step two in the study was to identify whether (and if so, how many) of the directors on the boards of the 40 top companies held directorships on two or more of the 40 companies.
- A1.8** The annual reports of all 40 companies were examined for the years 2005, 2006 and 2007. This identified a total of 572 unique individuals who held directorships on one or more of the boards of the 40 companies. Within this group, a total of 39 individual directors held two or more directorships within the 40 companies. These 39 directors were identified as the Director Network (see Glossary for the definition of terms used in this report). The remaining 533 directors held one directorship within the 40 companies.
- A1.9** A total of 33 out of the 40 top companies were found to be linked, through the presence of one or more members of the Director Network on their board of directors. These companies were identified as having Interlocking Boards.
- A1.10** Step three of the study was a network analysis to show the extent of connection between members of the Director Network and between the 33 companies who shared directors. The result of this analysis was the set of figures presented in this report that show links between individuals and between companies. See in particular, Figure 1 and Figure 2 in Chapter 2.

- AI.11** From the network analysis it was possible to identify the eleven most well-connected members of the Director Network. See Chapter 2. **55**
- AI.12** Step four of the study was to examine the additional characteristics of the 39 members of the Director Network, such as whether they had further directorships in the wider private sector, the level of remuneration they received for their role on boards, etc. This involved looking at additional information in the annual reports of the 33 top companies with Interlocking Boards, such as their role on the boards and the level of remuneration paid to board members.
- AI.13** Further information about the 39 members of the Director Network was gained through SoloCheck, which is a commercial service offering access to Companies Registration Office documents. The full SoloCheck data is provided in Appendix 2. In particular, this service permitted the study to identify any additional directorships held by the members of the Director Network.
- AI.14** The above sources of information were also used to identify information about the eleven most well-connected directors.
- AI.15** Step five of the study was to examine all of the above findings and to discuss legitimate questions that the findings raised for the researchers, in terms of good corporate governance and the safeguarding of the public interest.

Appendix 2: SoloCheck Data

All SoloCheck data is sourced from the Companies Registration Office.

| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL |
|-------------------|---------|---|----------------|----------------|
| Bowler, Gillian | 8149 | Grafton Group plc | 14/06/1995 | |
| | 50550 | Clear Channel Ireland Ltd | 01/04/1997 | |
| | 216828 | Pathfinder (Ireland) Limited | 26/11/1998 | |
| | 222332 | Irish Life & Permanent plc | 21/04/1999 | |
| | 16387 | Riordan's Travel Limited | 18/10/1995 | 12/10/2007 |
| | 41822 | Thomson Holidays Limited | 27/03/1998 | 06/11/2007 |
| | 51605 | Budget Travel Limited | | 12/10/2007 |
| | 155581 | Tgt (No 14) | 02/11/1990 | 06/11/2007 |
| | 197643 | The Institute of Directors in Ireland | 25/04/1994 | 08/02/2005 |
| | 216848 | Budget Breaks Limited | 01/06/1994 | 18/10/2007 |
| | 242742 | Tui Travel (Ireland) | 09/03/1998 | 08/10/2007 |
| | 327131 | Social Innovations Foundation Ireland Limited | 06/06/2001 | 21/02/2006 |
| | 336370 | Tourism Ireland Limited | 28/05/2003 | 07/12/2005 |
| Bradshaw, Lar | 126018 | Helix Health Limited | 25/04/2007 | |
| | 411144 | Project Orbis (Ireland) Limited | 10/01/2006 | |
| | 420154 | Equity Expansion Limited | 20/10/2006 | |
| | 429560 | Helix Health Group Limited | 12/01/2007 | |
| | 317158 | Clearpower Limited | 27/11/2006 | |
| | 350611 | Aras Slainte Limited | 30/11/2004 | |
| | 419221 | Vahalla Limited | 30/05/2006 | |
| | 428023 | Stidel Nominees Limited | 30/01/2007 | |
| | 439005 | Cove Capital Partners Limited | 03/05/2007 | |
| | 414384 | Statefirst (Ireland) Limited | 22/02/2007 | 20/03/2008 |
| | 22045 | Anglo Irish Bank Corporation Limited | 12/10/2004 | 18/12/2008 |
| | 428024 | Vocalcom Limited | 20/12/2006 | 22/12/2008 |
| Buckley, Denis | 111471 | Kerry Group plc | 12/12/2003 | |
| | 160703 | St. John's Listowel Square Limited | 30/09/2003 | |
| | 185335 | Remedios Limited | 24/07/2003 | |
| | 385948 | One Fifty One plc | 19/10/2005 | |
| | 438545 | One Fifty One Charitable Foundation | 23/04/2007 | |
| | 132287 | laws Group Limited | 24/06/1997 | 16/09/2008 |
| | 233607 | Cumann | 17/12/2002 | 06/07/2006 |
| Byrne, David | 70576 | Kingspan Group plc | 01/01/2005 | |
| | 81897 | An Ceolaras Naisiunta - National Concert Hall Co. | 02/06/2006 | |
| | 320308 | Colla Management Limited | 22/09/2001 | |
| | 397541 | Pathwell Limited | 09/02/2005 | |
| | 222332 | Irish Life & Permanent plc | 15/12/2004 | 23/05/2008 |
| Crowley, Laurence | 18269 | The Economic and Social Research Institute | 16/01/2007 | |
| | 20165 | The Cheshire Foundation in Ireland | 11/12/1998 | |

| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL |
|--------------------|--------------------------------|--|----------------|----------------|
| | 27768 | Ed. Macliammoir Dublin Gate Theatre Prods. Ltd | 09/06/2001 | |
| | 67345 | O'Flaherty Holdings Limited | 01/01/1992 | |
| | 197150 | The Economic and Social Research Trust | 18/09/2007 | |
| | 251020 | Gaisce - Gradam An Uachtarain - Presidents Award | 22/06/2005 | |
| | 324061 | Ecocem Materials Limited | 01/08/2007 | |
| | 324929 | Pay and Shop Limited | 01/06/2006 | |
| | 366686 | US-Ireland Alliance Limited | 10/07/2007 | |
| | 7356 | Carraras (Ireland) Limited | 26/11/1992 | 26/07/2006 |
| | 19093 | Rothmans of Pall Mall (Ireland) Ltd. | 20/06/1997 | 26/07/2006 |
| | 19402 | Murray Tobacco Limited | 26/11/1992 | 26/07/2006 |
| | 30356 | Elan Corporation plc | 14/03/1996 | 22/05/2008 |
| | 31692 | William Ruddell Limited | 26/11/1992 | 26/07/2006 |
| | 38640 | Bat Investments (Ireland) Limited | 26/11/1992 | 26/07/2006 |
| | 72194 | Co-Operation Ireland | 09/06/2006 | 03/04/2008 |
| | 266667 | University College Dublin Foundation Limited | 21/05/1997 | 13/06/2007 |
| | 8635 | Wellington Montague | | 08/03/2007 |
| 67771 | P.J. Carroll & Company Limited | 19/04/1991 | 26/07/2006 | |
| Dilger, David John | 1336 | Food Industries Limited | - | 31/03/2008 |
| | 2783 | D.E. Williams Ltd. | 18/06/1996 | 31/03/2008 |
| | 2784 | B. Daly & Company Ltd. | 18/06/1996 | 31/03/2008 |
| | 4757 | F.A. Waller & Col Limited | 18/06/1996 | 31/03/2008 |
| | 8532 | Irish Sugar Limited | 28/04/1993 | 31/03/2008 |
| | 8594 | Bermaline Limited | 31/12/1992 | 30/08/2007 |
| | 8673 | Irish Malt Products Limited | 29/03/1994 | 31/03/2008 |
| | 8706 | Ibec Limited | 24/02/2004 | 27/09/2007 |
| | 9031 | Odlum Mills Limited | 31/15/92 | 30/08/2007 |
| | 13123 | Greenvale Animal Feeds Manufacturing Ltd. | 31/05/1995 | 21/03/2008 |
| | 16701 | Irish Malt Exports Limited | 18/06/1996 | 31/03/2008 |
| | 19681 | Odlum Group | 04/02/1992 | 30/08/2007 |
| | 24023 | Williams Group, Tullamore, Limited | 18/06/1996 | 31/03/2008 |
| | 24214 | Interchem Limited | 27/07/1994 | 31/03/2008 |
| | 24563 | Sugar Distributors (Handling) Ltd. | 03/03/1993 | 31/03/2008 |
| | 27443 | Eirfreeze Limited | - | 31/03/2008 |
| | 36894 | W.B. Nunn (1972) Limited | 22/12/1997 | 31/03/2008 |
| | 46871 | Greentrack Limited | 21/12/1990 | 30/08/2007 |
| | 48903 | Greencore Developments Limited | 18/06/1996 | 31/03/2008 |
| | 49330 | Armer Salmon Limited | 14/12/1992 | 31/03/2008 |
| | 50903 | Minch Malt Limited | - | 31/03/2008 |
| | 76754 | Williams - Waller (Mullingar) Limited | 18/06/1996 | 31/03/2008 |
| | 93783 | Drummonds Limited | 01/08/1989 | 31/03/2008 |
| | 93935 | Sugar Distributors Limited | 22/02/1993 | 31/03/2008 |
| | 96089 | Trilby Trading Limited | 23/05/1992 | 01/02/2008 |
| | 100207 | Williams Waller (Edenderry) Limited | 18/06/1996 | 31/03/2008 |
| | 115923 | Williams Waller (Trading) Limited | 18/06/1996 | 31/03/2008 |
| | 125813 | Zadkine Enterprises Limited | 29/03/1994 | 31/03/2008 |

| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL |
|-------------------|---------|---|----------------|----------------|
| | 137347 | Williams Waller (Enfield) Limited | 18/06/1996 | 31/03/2008 |
| | 169188 | Greencore Finance Limited | 12/05/1992 | 31/03/2008 |
| | 169758 | Greencore Sugar Company | 03/08/2006 | 31/03/2008 |
| | 170116 | Greencore Group plc | 29/01/1992 | 31/03/2008 |
| | 170912 | Odlums Limited | 31/12/1992 | 30/08/2007 |
| | 170919 | Hearts Delight Limited | 31/12/1992 | 30/08/2007 |
| | 172298 | Minch Norton Limited | 07/06/1991 | 31/03/2008 |
| | 173715 | Drumearl Limited | 19/06/1991 | 31/03/2008 |
| | 178399 | Greencore Agrisales Limited | 24/04/1992 | 31/03/2008 |
| | 178400 | Greencore Agribusiness Limited | 24/04/1992 | 31/03/2008 |
| | 189728 | Greencore Holdings Limited | 10/06/1992 | 31/03/2008 |
| | 201572 | Midland Malting Research Limited | 18/06/1996 | 31/03/2008 |
| | 202953 | Irish Sugar Research & Development Ltd. | 08/06/1993 | 31/03/2008 |
| | 208818 | Greencore Holdings (Ireland) Limited | 02/11/1993 | 31/03/2008 |
| | 218251 | Williams Waller (Milling) Limited | 18/06/1996 | 31/03/2008 |
| | 378022 | Talroff Limited | 12/11/2003 | 31/03/2008 |
| | 315430 | Wormegay Limited | 23/12/1999 | 25/04/2005 |
| Drury, Fintan | 16956 | Paddy Power plc | 29/08/2002 | |
| | 278326 | Compupharma Limited | 23/06/2000 | |
| | 297411 | Cappagrove Limited | 05/01/1999 | |
| | 304723 | Eurocard (Ireland) Limited | 06/04/1999 | |
| | 314657 | Dolphin Trolleys Limited | 29/02/2000 | |
| | 318580 | Drury Hospitality Limited | 17/01/2000 | |
| | 413916 | Andy Black Poker Limited | 16/01/2006 | |
| | 22045 | Anglo Irish Bank Corporation Limited | 30/05/2002 | 27/06/2008 |
| | 308957 | Maynooth University Foundation Limited | 07/03/2000 | 30/09/2005 |
| | 407227 | Global Venues Limited | 26/08/2005 | 13/11/2008 |
| | 315508 | Truro Limited | 23/12/1999 | 25/04/2005 |
| FitzGerald, Liam | 388680 | Paddy Hogan Racing Limited | 13/07/2004 | 26/07/2005 |
| | 12244 | United Drug plc | 23/10/1996 | |
| | 78896 | Oremelt Limited | 03/09/2002 | |
| | 80661 | Intra Venio Healthcare Limited | 03/09/2002 | |
| | 108801 | Novapath Supplies Limited | 02/10/2000 | |
| | 143028 | United Drub (US) Holdings Limited | 02/10/2000 | |
| | 174071 | Intra Pharma Limited | 03/09/2002 | |
| | 183870 | J.V.A. Analytical Limited | 13/12/2007 | |
| | 216513 | Dugdale Trading Limited | 03/09/2002 | |
| | 268341 | United Drug Financial Services | 20/07/2007 | |
| | 305420 | Ashfield Healthcare (Ireland) Limited | 22/12/1999 | |
| FitzPatrick, Sean | 383466 | C & C Gropu plc | 30/04/2004 | |
| | 426554 | Traidlinks | 15/09/2006 | |
| | 42702 | The Lithographic Group Limited | 29/11/1989 | |
| | 125910 | Mac Communications Limited | 24/04/1998 | |
| | 433527 | Smurfit Kappa Group plc | 20/03/2007 | |
| | 11804 | Santain Developments Limited | 24/03/2004 | 06/07/2007 |

| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL | |
|------|--------------|---|--|----------------|--|
| | 11452 | Irish Buyway Limited | 01/10/1986 | 28/01/2005 | |
| | 13234 | Ansbacher Bankers Limited | 08/03/1996 | 28/01/2005 | |
| | 16086 | Pegasus Nominees Limited | 08/03/1996 | 28/01/2005 | |
| | 17042 | Iboc Limited | | 28/01/2005 | |
| | 21795 | Anglo Irish Bank Limited | 01/08/1983 | 28/01/2005 | |
| | 22045 | Anglo Irish Bank Corporation Limited | 01/01/2005 | 18/12/2008 | |
| | 22732 | Geranth Limited | 08/03/1996 | 28/01/2005 | |
| | 22768 | Buyway Group Limited | | 28/01/2005 | |
| | 34273 | Fitzwilliam Leasing Limited | 05/03/1996 | 28/01/2005 | |
| | 44430 | Anglo-Irish Bank (Nominees) Limited | 31/08/1983 | 28/01/2005 | |
| | 58312 | C.F. Limited | | 28/01/2005 | |
| | 64851 | Modify 5 Limited | | 28/01/2005 | |
| | 9215 | Aer Lingus Limited | 24/03/2004 | 18/12/2008 | |
| | 211168 | Aer Lingus Group plc | 11/03/2004 | 18/12/2008 | |
| | 338442 | Business In the Community Limited | 16/10/2003 | 14/01/2009 | |
| | 369222 | Aragone Limited | 31/03/2003 | 28/01/2005 | |
| | 160281 | Duneast Limited | 24/03/2004 | 06/07/2007 | |
| | 79914 | Anglo Irish Corporate Bank Limited | 31/03/1999 | 28/01/2005 | |
| | 104412 | Anglo Irish International Finance | 31/03/1999 | 28/01/2005 | |
| | 138992 | Anglo Irish Financial Services Limited | 13/01/1989 | 28/01/2005 | |
| | 167368 | Anglo Irish International Financial Services Ltd. | 05/04/1991 | 28/01/2005 | |
| | 170116 | Greencore Group plc | 01/01/2003 | 19/12/2008 | |
| | 170178 | Anglo Irish Nominees Limited | 31/03/1999 | 28/01/2005 | |
| | 176619 | Pagnol Limited | 27/09/1991 | 28/01/2005 | |
| | 312112 | Anglo Irish Banl Esop Limited | 10/12/1999 | 28/01/2005 | |
| | 355723 | S & T Fitzpatrick Limited | 15/04/2002 | 26/04/2005 | |
| | 358015 | The Philippe Fund plc | 14/06/2005 | 31/12/2008 | |
| | 370564 | Lithographic Web Press Limited | 22/05/2003 | 19/02/2007 | |
| | Gray, Danuta | 9215 | Aer Lingus Limited | 01/10/2007 | |
| | | 172162 | Telefonica O2 Ireland Retail Limited | 17/09/2001 | |
| | | 194322 | The Barretstown Gang Camp Fund Limited | 08/11/2006 | |
| | | 211168 | Aer Lingus Group plc | 25/08/2006 | |
| | | 222332 | Irish Life & Permanent plc | 31/08/2004 | |
| | 234895 | Telefonica O2 Ireland Limited | 28/06/2001 | | |
| | 235444 | Cellular World Limited | 30/03/2002 | | |
| | 245901 | Centurion Colelctions Limited | 16/08/2001 | | |
| | 269656 | O2 Cellular Networks Ireland Limited | 15/03/2002 | | |
| | 316428 | O2 Communications | 10/10/2002 | | |
| | 346320 | Liffey Telecom Limited | 15/03/2002 | | |
| | 347434 | O2 Investments Ireland | 05/09/2001 | | |
| | 421199 | O2 Communications (Ireland) Limited | 02/06/2006 | | |
| | 187172 | Commercial Communications Sales Limited | 30/03/2002 | | |
| | 315684 | Eire Cumarsaide Teoranta | 17/09/2001 | | |
| | 588 | Dublin Chamber of Commerce (Incorporated) | 30/04/2003 | 03/02/2005 | |
| | 243808 | Feilte Dhuibh Linne Teoranta | 28/01/2005 | 17/10/2008 | |

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| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL |
|---------------|-----------------------------|---|----------------|----------------|
| | 245649 | Common Purpose (Ireland) Limited | 10/12/2001 | 01/06/2005 |
| | 338442 | Business In the Community Limited | 16/10/2003 | 06/12/2005 |
| Haran, Paul | 129933 | Glanbia plc | 09/06/2005 | |
| | 438300 | MP Healthcare | 04/10/2007 | |
| | 15151 | Irish Management Institute | 12/03/1998 | 30/09/2005 |
| | 324045 | Copperway | 01/04/2005 | 01/06/2007 |
| Heraty, Ann | 156852 | Computer Placement Limited | 29/03/1990 | |
| | 287278 | Cpl Resources Public Limited Company | 14/09/1998 | |
| | 327484 | Medical Recruitment Specialist Limited | 20/03/2004 | |
| | 398644 | Richmond Recruitment Limited | 03/03/2005 | |
| | 400182 | Occipital Limited | 06/04/2005 | |
| Kennedy, Gary | 312641 | Anam Mobile Limited | 09/10/2007 | |
| | 411528 | Gary Kennedy & Associates Limited | 28/11/2005 | |
| | 279868 | Galway University Foundation Limited | 05/02/1998 | 03/10/2008 |
| | 337612 | Buyasyoufly Limited | 01/03/2007 | 15/04/2009 |
| Liston, Jerry | 243397 | Milltown Golf Club Trustees Limited | 06/12/2007 | |
| | 358433 | BWG Group Limited | 23/08/2002 | 13/10/2006 |
| Lynch, Philip | 135882 | FBD Holdings plc | 25/03/1996 | |
| | 138108 | Coillte Teoranta | 20/04/2004 | |
| | 146192 | Irish Pride Bakeries | 11/08/1989 | |
| | 247374 | laws Nominees Limited | 12/04/1996 | |
| | 347708 | Renore Limited | 05/08/2004 | |
| | 383466 | C & C Group plc | 30/04/2004 | |
| | 385948 | One Fifty One plc | 19/10/2005 | |
| | 392378 | Openhydro Group Limited | 01/01/2007 | |
| | 438545 | One Fifty One Charitable Foundation | 23/04/2007 | |
| | 439145 | One51 Es Metals (Ireland) Limited | 20/09/2007 | |
| | 439475 | Moonduster Limited | 10/05/2007 | |
| | 23278 | Malting Company of Ireland (1965) Limited | 08/06/1994 | |
| | 119695 | Dempsey Drums Limited | 30/09/2005 | |
| | 283744 | Cork Malting Company Limited | 29/04/1998 | |
| | 339814 | Waterford Irish Pubx Limited | 02/02/2004 | |
| | 1305 | R & H Hall Limited | 03/02/2006 | |
| | 1945 | Heiton Group, plc | 05/11/2001 | 07/02/2005 |
| | 12668 | Power Seeds Limited | 03/06/1992 | 03/02/2006 |
| | 19681 | Odlum Group | 13/12/2001 | 27/10/2005 |
| | 132287 | laws Group, Limited | 07/06/1988 | 03/12/2007 |
| | 149525 | Cuisine De France Limited | 10/12/1997 | 03/02/2006 |
| | 222332 | Irish Life & Permanent plc | 04/03/2003 | 20/05/2005 |
| | 273542 | Malting Company of Ireland Limited | 12/12/1997 | 07/03/2005 |
| | 316994 | Whitway Limited | 11/10/2005 | 06/12/2005 |
| | 325906 | Cullen Environmental Services Limited | 30/09/2005 | 05/04/2006 |
| | 339221 | Cillryan's Bakery Limited | 06/03/2001 | 07/11/2005 |
| | 362469 | Lifestyle Foods Limited | 10/14/02 | 03/02/2006 |
| 374837 | Rilta Environmental Limited | 30/09/2005 | 05/04/2006 | |

| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL | |
|-----------------|-----------------|---|----------------------|----------------|--|
| | 374923 | Mount Carmel Medical Group Limited | 12/09/2005 | 24/11/2008 | |
| | 395392 | Soils Environmental Services Limited | 30/09/2005 | 05/04/2006 | |
| | 402298 | Immark Ireland Limited | 06/07/2005 | 03/07/2008 | |
| | 406479 | Educate Through Sport Foundation | 10/08/2005 | 20/11/2008 | |
| | 199397 | Autorod Limited | 30/09/2005 | 05/04/2006 | |
| | 419674 | Dis Nordic Limited | 08/05/2006 | 05/11/2007 | |
| McCann, Gary | 12244 | United Drug plc | 28/09/2004 | | |
| | 259534 | Atrium Property Developments Limited | 30/05/2005 | | |
| | 306274 | Balcuik Limited | 30/05/2005 | | |
| | 398356 | Tysan Investments Limited | 30/05/2005 | | |
| | 446620 | Noah's Ark Montessory and Creche Limited | 24/09/2007 | | |
| McCourt, Declan | 36295 | Daf Distributors Ireland Limited | 01/03/1983 | | |
| | 38323 | Daf Sales Limited | 01/03/1983 | | |
| | 54546 | Scanveco Limited | 01/01/1992 | | |
| | 61150 | Croxley Limited | 01/03/1983 | | |
| | 62442 | Cosford Limited | 01/11/1983 | | |
| | 73342 | Fyffes plc | 03/04/2003 | | |
| | 92148 | Irish Industrial Lift Trucks Limited | | | |
| | 94149 | Armalou Limited | 01/07/1987 | | |
| | 105452 | Jaguar Daimler Ireland Limited | | | |
| | 107141 | Hispano Cars Limited | | | |
| | 108518 | The Mater Foundation | 12/12/1989 | | |
| | 129195 | Reloton Limited | | | |
| | 143055 | Hillpath Limited | 15/04/1989 | | |
| | 202992 | Man Importers Ireland Limited | 01/06/1993 | | |
| | 221044 | Daf Ireland Limited | 05/09/1994 | | |
| | 235350 | C.J. Ireland Concessionaires Limited | 19/07/1995 | | |
| | 236154 | Daihatsu Ireland Limited | 27/07/1995 | | |
| | 240772 | Daf Holdings Limited | 06/06/1997 | | |
| | 277225 | Eii Voyager Fund plc | 01/08/2003 | | |
| | 299868 | Oakmill Limited | 29/04/2003 | | |
| | 366985 | Ohmput Limited | 06/02/2003 | | |
| | 408838 | Eii Real Estate Securities Advisors Ltd. | 05/10/2005 | | |
| | 416433 | Blackrock International Land plc | 30/03/2006 | | |
| | 450693 | Armalou Holdings | 13/12/2007 | | |
| | 275178 | GPA Fund Managers (Ireland) Ltd | 11/12/2001 | | |
| | 109452 | Daf Truck Services (Cork) Limited | | 31/10/2006 | |
| | 93320 | Cork Truck Services Limited | 01/01/1984 | 31/10/2006 | |
| | McGowan, Kieran | 12244 | United Drug plc | 14/04/1999 | |
| | | 12956 | CRH plc | 15/10/1998 | |
| | | 30356 | Elan Corporation plc | 01/01/1999 | |
| 50074 | | CRH Finance Limited | 06/04/1999 | | |
| 282849 | | Drury Communications (Holdings) Limited | 10/12/1998 | | |
| 300641 | | Charles Schwab Asset Management (Ireland) Limited | 31/03/1999 | | |
| 300943 | | Charles Schwab Worldwide Funds plc | 31/03/1999 | | |

| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL |
|-------------------|---------|---|----------------|----------------|
| | 338442 | Business In the Community Limited | 14/09/2004 | |
| | 428013 | US Trust Global Investment Series plc | 07/11/2006 | |
| | 370095 | Aberdeen Asset Allocation Overlay Fund PLC | 24/04/2003 | |
| | 139459 | Drury Communications Limited | 10/12/1998 | 10/05/2007 |
| | 222332 | Irish Life & Permanent plc | 21/04/1999 | 17/11/2008 |
| | 295465 | Integrated Business Exchange Limited | 05/05/1999 | 21/01/2006 |
| | 180256 | Aberdeen Funds PLC | 22/01/1999 | 30/06/2007 |
| | 210536 | Aberdeen Fixed Income Funds Plc | 22/01/1999 | 30/06/2007 |
| | 290368 | Aberdeen Globalspectrum Funds PLC | 22/01/1999 | 30/06/2007 |
| | 345640 | Aberdeen Gmas Funds PLC | 20/07/2001 | 30/06/2007 |
| | 345642 | Aberdeen Balanced Asset Allocation PLC | 20/07/2001 | 30/06/2007 |
| | 404534 | Aberdeen Portable Alpha Funds PLC | 01/07/2005 | 30/06/2007 |
| | 404535 | ABERDEEN Portable Alpha Funds 1 PLC | 01/07/2005 | 30/06/2007 |
| | 180255 | Aberdeen Investment Funds PLC | 22/01/1999 | 30/06/2007 |
| | 198908 | Aberdeen Profunds PLC | 22/01/1999 | 30/06/2007 |
| | 218935 | Aberdeen Global Select Funds PLC | 22/01/1999 | 30/06/2007 |
| | 250659 | Aberdeen Cash and Money Market Fund PLC | 22/01/1999 | 30/06/2007 |
| McGuckian, John | 41043 | Irish Continental Group plc | | |
| | 440961 | TVC Holdings plc | 15/06/2007 | |
| | 6022 | Munster and Leinster Bank Limited | | 05/10/2007 |
| | 24173 | Allied Irish Banks plc | 18/03/825 | 09/05/2007 |
| | 12128 | Unidare plc | 16/05/1991 | 22/05/2006 |
| McLaughlin, Kyran | 330569 | Batistuta | 02/10/2000 | |
| | 46436 | Anthony Nichols Limited | | |
| | 104547 | Ryanair Limited | 01/01/2001 | |
| | 160627 | Citywest Limited | 12/01/1993 | |
| | 306430 | Beregono Limited | 27/05/1999 | |
| | 361575 | Ailman Limited | 17/09/2002 | |
| | 361577 | Ailnew Limited | 17/09/2002 | |
| | 148223 | Davy International Financial Services | 27/04/1998 | 14/09/2005 |
| Molloy, Patrick | 87522 | Blackrock Hospital Limited | 14/02/1996 | |
| | 87523 | Blackrock Clinic Limited | 14/02/1996 | |
| | 11861 | Waterford Wedgwood plc | 25/07/2002 | |
| Moran, Thomas | 9215 | Aer Lingus Limited | 01/10/2007 | |
| | 21168 | Aer Lingus Group plc | 25/08/2006 | |
| Murphy, William | 48563 | Seville Lodge Trust | 16/06/2005 | |
| | 48757 | D. Walsh & Sons Limited | 12/12/2005 | |
| | 51144 | S O S Kilkenny Limited | 07/04/1997 | |
| | 84321 | Grassland Fertilizers (Kilkenny) Limited | 16/12/2005 | |
| | 86609 | Grassland Fertilizers Kilkenny (Sales) Ltd. | 16/12/2005 | |
| | 94684 | Barley Exports Limited | 13/06/1983 | |
| | 129933 | Glanbia plc | 01/06/1989 | |
| | 243096 | D Walsh and Sons Manufacturing Limited | 16/12/2005 | |
| | 262514 | South East Port Services Limited | 16/12/2005 | |
| | 376398 | Simon Community (South East) Limited | 17/01/2007 | |

| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL |
|-----------------------|--------------------------------------|---|----------------|----------------|
| | 420933 | SOS Kilkenny Housing Association Limited | 30/05/2006 | |
| | 442721 | Orbit Outreach Services Limited | 04/07/2007 | |
| | 443252 | South East Port Investments Limited | 17/07/2007 | |
| | 132287 | laws Group Limited | 15/10/1997 | 16/09/2008 |
| O'Connor, Daniel Noel | 12965 | CRH plc | 28/06/2006 | |
| | 24173 | Allied Irish Banks plc | 11/01/2007 | |
| | 430160 | Deerfield Farm Services | 23/11/2006 | |
| Pratt, Maurice | 8545 | Bank of Scotland (Ireland) Limited | 07/04/2006 | |
| | 19632 | Brown Thomas Group Limited | 31/10/2006 | |
| | 31309 | Carlow Investment Company | 31/10/2006 | |
| | 224324 | Uniphar Public Limited Company | 01/07/2003 | |
| | 338442 | Business In the Community Limited | 22/03/2006 | |
| | 588 | Dublin Chamber of Commerce (Incorporated) | 21/03/2000 | 01/02/2007 |
| | 1367 | Thwaites Limited | 28/01/2002 | 28/11/2008 |
| | 1393 | Grands of Ireland Limited | 28/01/2002 | 28/11/2008 |
| | 1636 | C&C Management Services 2007 Limited | 28/01/2002 | 28/11/2008 |
| | 1674 | Britvic Munster Limited | 28/01/2002 | 29/08/2007 |
| | 1986 | Bulmers Limited | 28/01/2002 | 28/11/2008 |
| | 2311 | Britvic Northern Ireland Limited | 28/01/2002 | 29/08/2007 |
| | 2547 | C & C International Limited | 28/01/2002 | 28/11/2008 |
| | 3673 | Wm. Magner Limited | 28/01/2002 | 28/11/2008 |
| | 7661 | Britvic Ireland Limited | 28/01/2002 | 29/08/2007 |
| | 8706 | Ibec Limited | 01/11/2004 | 27/09/2007 |
| | 9387 | Showerings (Ireland) Limited | 28/01/2002 | 28/11/2008 |
| | 11363 | Fruit of the Vine Limited | 28/02/2002 | 28/11/2008 |
| | 12262 | Irish Mist Liqueur Company Limited | 28/01/2002 | 28/11/2008 |
| | 12888 | M. O'Sullivan & Sons Limited | 28/01/2002 | 28/11/2008 |
| | 14271 | William J. Dwan & Sons Limited | 28/01/2002 | 29/08/2007 |
| | 15735 | Tayto Crisps Limited | 28/01/2002 | 21/09/2006 |
| | 16068 | Britvic Licensed Wholesale Limited | 28/01/2002 | 29/08/2007 |
| | 16599 | C&C Group Irish Holdings Limited | 28/01/2002 | 28/11/2008 |
| | 16738 | Potato Distributors Limited | 28/01/2002 | 21/09/2006 |
| | 18749 | Eurosax International Limited | 28/01/2002 | 21/09/2006 |
| | 22903 | C&C Agencies Limited | 28/01/2002 | 28/11/2008 |
| | 27610 | Edward and John Burke (1968) Limited | 28/01/2002 | 28/11/2008 |
| | 27892 | Findlater (Wine Merchants) Limited | 28/01/2002 | 28/11/2008 |
| | 28114 | Britvic Limited | 28/02/2002 | 29/08/2007 |
| | 37521 | Sooner Foods (Ireland) Limited | 28/01/2002 | 21/09/2006 |
| | 39105 | Britvic Logistics Limited | 28/01/2002 | 29/08/2007 |
| | 39840 | King Foods Limited | 28/01/2002 | 21/09/2006 |
| 40077 | C & C Profit Sharing Trustee Limited | 28/01/2002 | 28/11/2008 | |
| 46484 | King Kandy Limited | 28/01/2002 | 21/09/2006 | |
| 50842 | King Foods (Export) Limited | 28/01/2002 | 21/09/2006 | |
| 64397 | T J Carolan & Son Limited | 28/01/2002 | 28/11/2008 | |
| 65240 | John Mulligan & Sons Limited | 28/01/2002 | 29/08/2007 | |

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| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL |
|--------------|-----------------|---|-----------------------------|----------------|
| | 76681 | Lough Corrib Mineral Water Company Ltd. | 28/01/2002 | 28/11/2008 |
| | 88958 | Ballygowan Limited | 28/01/2002 | 29/08/2007 |
| | 98789 | Eircom Limited | 18/03/2004 | 18/08/2006 |
| | 113323 | C & C Investments Limited | 28/01/2002 | 28/11/2008 |
| | 122253 | C & C Group Pension Trust (No. 2) Limited | 28/02/2002 | 28/11/2008 |
| | 126575 | Aquaport Limited | 28/01/2002 | 29/08/2007 |
| | 143745 | Magners Irish Cider Limited | 28/01/2002 | 28/11/2008 |
| | 144987 | Cantrell & Cochrane Limited | 28/01/2002 | 28/11/2008 |
| | 242159 | Redpak Limited | 09/10/1998 | 08/06/2005 |
| | 289782 | C & C (Holdings) Limited | 28/01/2002 | 28/11/2008 |
| | 298420 | Venentia Telecommunications | 18/03/2004 | 18/08/2006 |
| | 305290 | Bouchel Limited | 28/01/2002 | 28/11/2008 |
| | 309840 | Tayto Limited | 28/01/2002 | 21/09/2006 |
| | 309842 | Bestormel Limited | 28/01/2002 | 28/11/2008 |
| | 310268 | Cravenby Limited | 28/01/2002 | 28/11/2008 |
| | 329392 | Vandamin Limited | 28/04/2002 | 28/11/2008 |
| | 357222 | C & C Group International Holdings Ltd. | 22/05/2002 | 28/11/2008 |
| | 383466 | C & C Group plc | 30/04/2004 | 28/11/2008 |
| | 433458 | Vinitrading Limited | 30/03/2007 | 13/09/2008 |
| | 315494 | Littlemill Limited | 23/12/1999 | 25/04/2005 |
| 357322 | Bewdley Limited | 04/06/2002 | 07/12/2007 | |
| Roche, Donal | 25552 | Rockhill Investment Company | 27/11/1980 | |
| | 207928 | Abso Limited | 09/10/1993 | |
| | 239480 | Dps Engineering & Construction Limited | 01/12/2005 | |
| | 253811 | McInerney Holdings plc | 08/02/2005 | |
| | 325209 | Questwell Limited | 01/12/2000 | |
| | 385008 | Dps Engineering Hlldings Limited | 06/09/2005 | |
| | 396330 | Barclays Bank Ireland plc | 15/15/05 | |
| | 124258 | Borris in Ossory Investments Limited | 24/01/1989 | |
| | 153189 | Sundene (Ireland) Limited | 30/05/1995 | |
| | 206222 | Darcari Limited | 13/08/1993 | |
| | 397783 | Hillrock Developments Limited | 15/02/2005 | |
| | 109335 | Matheson Ormsby Prentice Support Services | 15/06/1987 | 01/02/2005 |
| | 363853 | Newcourt Gruop plc | 28/11/2002 | 22/09/2005 |
| | 98789 | Eircom Limited | 18/03/2004 | 18/08/2006 |
| | 298420 | Valentia Telecommunications | 18/03/2004 | 18/08/2006 |
| | 364773 | Appian Asset Managemetn Limtied | 06/12/2002 | 07/07/2009 |
| | 378730 | Teva Pharmaceuticals Finance Ireland Ltd | 28/11/2003 | 27/05/2005 |
| | 379908 | Teva Pharmaceuticals Finance Irelnad li Limited | 23/15/2003 | 27/05/2005 |
| | 394759 | Knocktarna Limited | 06/12/2004 | 05/04/2005 |
| | Somers, Bernard | 41043 | Irish Continental Group plc | 08/03/2004 |
| 54858 | | DCC plc | 29/09/2003 | |
| 154148 | | Commerzbank Europe (Ireland) | 30/04/1991 | |
| 218635 | | Eurotel Marketing Limited | 22/09/1994 | |

| NAME | CO. NO. | COMPANY NAME | DIRECTOR SINCE | DIRECTOR UNTIL |
|------|---------|---|----------------|----------------|
| | 241427 | World 2000 Entertainment Limited | 30/01/1996 | |
| | 244914 | Maudlines Investments Limited | 20/03/1996 | |
| | 246742 | Foxgrange Limited | 01/05/1996 | |
| | 251189 | Balmerino Limited | 17/10/1996 | |
| | 268370 | Educational Multimedia Corporation Ireland Ltd. | 15/07/1998 | |
| | 269885 | Educational Multimedia Group Ltd. | 14/07/1998 | |
| | 273679 | World Media Services Ltd. | 24/08/2002 | |
| | 289132 | Kalweni Limited | 01/10/1998 | |
| | 305825 | Etel management Services Ltd. | 21/06/1999 | |
| | 362803 | Planet Party Limited | 18/02/2003 | |
| | 440863 | Escher Group Holdings Ltd. | 14/09/2007 | |
| | 159664 | Concept Catering Ltd. | 05/11/1994 | |
| | 273604 | Herbert Film & TV Productions Ltd. | 10/10/1997 | |
| | 313456 | World 2000 Entertainment Music Publishing Limited | 18/04/2002 | |
| | 325429 | Kardony Limited | 08/04/2000 | |
| | 345253 | Passage East Capital Partners Limited | 06/07/2001 | |
| | 364773 | Appian Asset Management Limited | 23/01/2004 | 08/09/2006 |
| | 163921 | Cominvest Asset Management Ltd. | 01/11/1990 | 30/01/2008 |
| | 119513 | Numed Research and Development Ltd. | 01/08/1989 | 20/01/2005 |
| | 193813 | Cicm International Portfolios plc | 15/10/1992 | 13/09/2007 |
| | 2936 | Independent news & Media plc | 21/05/1997 | 30/04/2009 |
| | 7446 | South Wharf Limited | 06/03/1998 | 29/01/2007 |
| | 24173 | Allied Irish Banks plc | 07/09/2006 | 31/12/2008 |
| | 331898 | Irish Centre for Parentally Abducted Children | 01/09/2000 | 19/08/2005 |
| | 382427 | Pcpone | 27/02/2004 | 19/09/2008 |
| | 391746 | Champion Sports Ireland | 26/10/2006 | 19/09/2008 |
| | 177263 | Cominvest Global Funds plc | 01/08/1991 | 12/11/2007 |
| | 219176 | Adig Clients plc | 12/02/1996 | 24/02/2006 |
| | 254665 | Cicm Global Portfolios plc | 13/12/1996 | 13/09/2007 |
| | 292038 | CbVermögensverwaltung plc | 14/01/1999 | 13/09/2007 |
| | 305777 | Adig Sector plc | 03/06/1999 | 02/05/2006 |

Members of Director Network were identified from SoloCheck data on the basis of a match of name AND date of birth.

Appendix 3: Remuneration Data

Total Remuneration includes Salary, Fees, Pension Contributions, Taxable Benefits, Profits shares and Bonuses in the annual reports.

Total Board Members covers all financial details of the board of directors remuneration given in the annual reports unless other details are stated, i.e. ex-officio member.

| ORGANISATION | YEAR | P/P | ROLE | AMOUNT |
|------------------|------|---------|--------------------|------------|
| Aer Lingus | 2005 | Private | Chairperson | €272,000 |
| | 2006 | Private | Chairperson | €86,000 |
| | 2007 | Private | Chairperson | €175,000 |
| | 2005 | Private | Executive director | €302,500 |
| | 2006 | Private | Executive director | €154,000 |
| | 2007 | Private | Executive director | €515,000 |
| | 2005 | Private | Ex-officio member | €206,000 |
| | 2006 | Private | Ex-officio member | €982,000 |
| | 2007 | Private | Ex-officio member | €1,115,000 |
| | 2005 | Private | NED | €21,800 |
| | 2006 | Private | NED | €13,250 |
| | 2007 | Private | NED | €44,444 |
| AIB | 2005 | Private | Chairperson | €375,000 |
| | 2006 | Private | Chairperson | €408,000 |
| | 2007 | Private | Chairperson | €475,000 |
| | 2005 | Private | Executive director | €1,714,000 |
| | 2006 | Private | Executive director | €1,525,000 |
| | 2007 | Private | Executive director | €1,443,333 |
| | 2005 | Private | Ex-officio member | €1,104,000 |
| | 2006 | Private | Ex-officio member | €2,436,000 |
| | 2007 | Private | Ex-officio member | €2,105,000 |
| | 2005 | Private | NED | €93,555 |
| | 2006 | Private | NED | €85,800 |
| | 2007 | Private | NED | €76,417 |
| Anglo Irish Bank | 2005 | Private | Chairperson | €167,000 |
| | 2006 | Private | Chairperson | €363,000 |
| | 2007 | Private | Chairperson | €431,000 |
| | 2005 | Private | Executive director | €1,426,500 |
| | 2006 | Private | Executive director | €961,400 |
| | 2007 | Private | Executive director | €1,307,750 |
| | 2005 | Private | Ex-officio member | €2,354,000 |
| | 2006 | Private | Ex-officio member | €3,015,000 |
| | 2007 | Private | Ex-officio member | €3,274,000 |
| | 2005 | Private | NED | €66,333 |
| | 2006 | Private | NED | €68,500 |
| | 2007 | Private | NED | €76,375 |
| Bank of Ireland | 2005 | Private | Chairperson | €419,000 |

| ORGANISATION | YEAR | P/P | ROLE | AMOUNT |
|--------------|------------|---------|--------------------|----------------|
| | 2006 | Private | Chairperson | €336,000 |
| | 2007 | Private | Chairperson | €483,000 |
| | 2005 | Private | Executive director | €558,000 |
| | 2006 | Private | Executive director | €115,000 |
| | 2007 | Private | Executive director | €1,243,750 |
| | 2005 | Private | Ex-officio member | €1,919,000 |
| | 2006 | Private | Ex-officio member | €2,525,000 |
| | 2007 | Private | Ex-officio member | €3,998,000 |
| | 2005 | Private | NED | €77,384 |
| | 2006 | Private | NED | €77,583 |
| | 2007 | Private | NED | €79,666 |
| | C&C | 2006 | Private | Chairperson |
| 2007 | | Private | Chairperson | €197,000 |
| 2006 | | Private | Executive director | €539,667 |
| 2007 | | Private | Executive director | €782,333 |
| 2006 | | Private | Ex-officio member | €1,200,000 |
| 2007 | | Private | Ex-officio member | €1,406,000 |
| 2006 | | Private | NED | €58,667 |
| 2007 | | Private | NED | €66,666 |
| CRH | 2005 | Private | Chairperson | €350,000 |
| | 2006 | Private | Chairperson | €375,000 |
| | 2007 | Private | Chairperson | €315,000 |
| | 2005 | Private | Ex -Officio Member | €1,925,000 |
| | 2006 | Private | Ex -Officio Member | €2,656,000 |
| | 2007 | Private | Ex -Officio Member | €2,794,000 |
| | 2005 | Private | Executive director | €1,130,250 |
| | 2006 | Private | Executive director | €1,217,000 |
| | 2007 | Private | Executive director | €1,291,666 |
| | 2005 | Private | NED | €67,625 |
| | 2006 | Private | NED | €72,625 |
| | 2007 | Private | NED | €100,000 |
| DCC | 2005 | Private | Chairperson | €130,000 |
| | 2006 | Private | Chairperson | €142,000 |
| | 2007 | Private | Chairperson | €153,000 |
| | 2005 | Private | Executive director | €505,250 |
| | 2006 | Private | Executive director | €692,000 |
| | 2007 | Private | Executive director | €527,666 |
| | 2005 | Private | Ex-officio member | €1,304,000 |
| | 2006 | Private | Ex-officio member | €1,625,000 |
| | 2007 | Private | Ex-officio member | €1,520,000 |
| | 2005 | Private | NED | €54,750 |
| | 2006 | Private | NED | €51,666 |
| | 2007 | Private | NED | €64,000 |
| | Dragon Oil | 2005 | Private | Chairperson |
| 2006 | | Private | Chairperson | US \$389,000 |
| 2007 | | Private | Chairperson | US \$1,492,000 |
| 2005 | | Private | Ex-officio member | US \$783,000 |

| ORGANISATION | YEAR | P/P | ROLE | AMOUNT |
|---------------|---------|---------|--------------------|----------------|
| | 2005 | Private | NED | US \$352,000 |
| | 2006 | Private | NED | US \$53,000 |
| | 2007 | Private | NED | US \$131,500 |
| Eircom | 2005 | Private | Chairperson | €132,500 |
| | 2006 | Private | Chairperson | €132,500 |
| | 2005 | Private | Executive director | €743,705 |
| | 2006 | Private | Executive director | €916,407 |
| | 2005 | Private | NED | €70,367 |
| | 2006 | Private | NED | €78,875 |
| | Elan | 2005 | Private | Chairperson |
| 2006 | | Private | Chairperson | US \$300,000 |
| 2007 | | Private | Chairperson | US \$300,000 |
| 2005 | | Private | Executive director | US \$730,884 |
| 2006 | | Private | Executive director | US \$948,478 |
| 2007 | | Private | Executive director | US \$1,818,332 |
| 2005 | | Private | Ex-officio member | US \$1,793,315 |
| 2006 | | Private | Ex-officio member | US \$1,796,533 |
| 2007 | | Private | Ex-officio member | US \$1,959,690 |
| 2005 | | Private | NED | US \$59,240 |
| 2006 | | Private | NED | US \$65,893 |
| 2007 | | Private | NED | US \$58,121 |
| Fyffes | | 2005 | Private | Chairperson |
| | 2006 | Private | Chairperson | €801,000 |
| | 2007 | Private | Chairperson | €946,000 |
| | 2005 | Private | Executive director | €704,000 |
| | 2006 | Private | Executive director | €406,500 |
| | 2007 | Private | Executive director | €584,000 |
| | 2005 | Private | Ex-officio member | €1,505,000 |
| | 2006 | Private | Ex-officio member | €668,000 |
| | 2007 | Private | Ex-officio member | €677,000 |
| | 2005 | Private | NED | €55,166 |
| | 2006 | Private | NED | €60,000 |
| | 2007 | Private | NED | €43,333 |
| | Glanbia | 2005 | Private | Chairperson |
| 2006 | | Private | Chairperson | €80,000 |
| 2007 | | Private | Chairperson | €85,000 |
| 2007 | | Private | Ex -Officio Member | €1,194,000 |
| 2005 | | Private | Executive director | €441,000 |
| 2006 | | Private | Executive director | €587,000 |
| 2007 | | Private | Executive director | €816,000 |
| 2005 | | Private | Ex-officio member | €642,000 |
| 2006 | | Private | Ex-officio member | €927,000 |
| 2005 | | Private | NED | €22,444 |
| 2006 | | Private | NED | €25,947 |
| 2007 | | Private | NED | €29,777 |
| Grafton Group | | 2007 | Private | Chairperson |
| | 2005 | Private | Chairperson | €871,000 |

| ORGANISATION | YEAR | P/P | ROLE | AMOUNT | |
|--------------------------|---------|---------|--------------------|-------------|----------|
| | 2006 | Private | Chairperson | €965,000 | |
| | 2005 | Private | Executive director | €639,333 | |
| | 2006 | Private | Executive director | €718,667 | |
| | 2007 | Private | Executive director | €639,333 | |
| | 2005 | Private | NED | €70,000 | |
| | 2006 | Private | NED | €60,000 | |
| | 2007 | Private | NED | €70,000 | |
| Greencore | 2005 | Private | Chairperson | €170,000 | |
| | 2006 | Private | Chairperson | €200,000 | |
| | 2007 | Private | Chairperson | €200,000 | |
| | 2005 | Private | Executive director | €345,833 | |
| | 2006 | Private | Executive director | €605,000 | |
| | 2007 | Private | Executive director | €858,333 | |
| | 2005 | Private | Ex-officio member | €884,000 | |
| | 2006 | Private | Ex-officio member | €1,033,000 | |
| | 2007 | Private | Ex-officio member | €1,447,000 | |
| | 2005 | Private | NED | €41,142 | |
| | 2006 | Private | NED | €51,666 | |
| 2007 | Private | NED | €51,666 | | |
| IAWS | 2005 | Private | Chairperson | €40,000 | |
| | 2006 | Private | Chairperson | €187,000 | |
| | 2007 | Private | Chairperson | €200,000 | |
| | 2005 | Private | Executive director | €435,666 | |
| | 2006 | Private | Executive director | €725,000 | |
| | 2007 | Private | Executive director | €984,666 | |
| | 2005 | Private | Ex-officio member | €1,121,000 | |
| | 2006 | Private | Ex-officio member | €1,176,000 | |
| | 2007 | Private | Ex-officio member | €1,608,000 | |
| | 2005 | Private | NED | €38,181 | |
| | 2006 | Private | NED | €59,400 | |
| | 2007 | Private | NED | €59,444 | |
| | ICG | 2005 | Private | Chairperson | €90,000 |
| 2006 | | Private | Chairperson | €90,000 | |
| 2007 | | Private | Chairperson | €240,000 | |
| 2005 | | Private | Executive director | €284,000 | |
| 2006 | | Private | Executive director | €349,000 | |
| 2007 | | Private | Executive director | €432,000 | |
| 2005 | | Private | Ex-officio member | €664,000 | |
| 2006 | | Private | Ex-officio member | €1,001,000 | |
| 2007 | | Private | Ex-officio member | €1,422,000 | |
| 2005 | | Private | NED | €40,000 | |
| 2006 | | Private | NED | €40,000 | |
| 2007 | | Private | NED | €135,000 | |
| Independent News & Media | | 2005 | Private | Chairperson | €133,000 |
| | | 2007 | Private | Chairperson | €154,000 |
| | 2006 | Private | Chairperson | €155,000 | |
| | 2005 | Private | Executive director | €1,104,250 | |

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| ORGANISATION | YEAR | P/P | ROLE | AMOUNT |
|--------------------------|------|---------|--------------------|------------|
| | 2006 | Private | Executive Director | €1,285,000 |
| | 2007 | Private | Executive director | €1,443,000 |
| | 2005 | Private | Ex-officio member | €1,467,000 |
| | 2006 | Private | Ex-officio member | €1,817,000 |
| | 2007 | Private | Ex-officio member | €2,205,000 |
| | 2005 | Private | NED | €88,000 |
| | 2006 | Private | NED | €114,538 |
| | 2007 | Private | NED | €105,142 |
| Irish Life and Permanent | 2005 | Private | Chairperson | €240,000 |
| | 2006 | Private | Chairperson | €300,000 |
| | 2007 | Private | Chairperson | €320,000 |
| | 2005 | Private | Executive director | €529,500 |
| | 2006 | Private | Executive director | €657,000 |
| | 2007 | Private | Executive director | €737,000 |
| | 2005 | Private | Ex-officio member | €1,138,000 |
| | 2006 | Private | Ex-officio member | €1,335,000 |
| | 2007 | Private | Ex-officio member | €1,362,000 |
| | 2005 | Private | NED | €64,857 |
| | 2006 | Private | NED | €74,714 |
| | 2007 | Private | NED | €84,143 |
| Kerry Group | 2005 | Private | Chairperson | €170,000 |
| | 2006 | Private | Chairperson | €190,000 |
| | 2007 | Private | Chairperson | €200,000 |
| | 2005 | Private | Executive director | €791,250 |
| | 2006 | Private | Executive director | €759,500 |
| | 2007 | Private | Executive director | €1,025,250 |
| | 2005 | Private | Ex-officio member | €1,201,000 |
| | 2006 | Private | Ex-officio member | €1,073,000 |
| | 2007 | Private | Ex-officio member | €140,000 |
| | 2005 | Private | NED | €41,126 |
| | 2006 | Private | NED | €49,877 |
| | 2007 | Private | NED | €53,619 |
| Kingspan | 2005 | Private | Chairperson | €150,000 |
| | 2006 | Private | Chairperson | €158,000 |
| | 2007 | Private | Chairperson | €177,000 |
| | 2005 | Private | Executive director | €584,500 |
| | 2006 | Private | Executive director | €687,000 |
| | 2007 | Private | Executive director | €717,833 |
| | 2005 | Private | Ex-officio member | €719,000 |
| | 2006 | Private | Ex-officio member | €862,000 |
| | 2007 | Private | Ex-officio member | €1,261,000 |
| | 2005 | Private | NED | €51,167 |
| | 2006 | Private | NED | €58,000 |
| | 2007 | Private | NED | €55,714 |
| McInerney Holdings | 2005 | Private | Chairperson | €88,825 |
| | 2006 | Private | Chairperson | €92,289 |
| | 2007 | Private | Chairperson | €120,000 |

| ORGANISATION | YEAR | P/P | ROLE | AMOUNT |
|--------------|---------|---------|--------------------|---------------|
| | 2005 | Private | Executive director | €587,483 |
| | 2006 | Private | Executive director | €717,133 |
| | 2007 | Private | Executive director | €745,052 |
| | 2005 | Private | Ex-officio member | €956,689 |
| | 2006 | Private | Ex-officio member | €1,124,569 |
| | 2007 | Private | Ex-officio member | €1,183,216 |
| | 2005 | Private | NED | €50,192 |
| | 2006 | Private | NED | €56,703 |
| | 2007 | Private | NED | €58,496 |
| Paddy Power | 2005 | Private | Chairperson | €110,000 |
| | 2006 | Private | Chairperson | €160,000 |
| | 2007 | Private | Chairperson | €160,000 |
| | 2005 | Private | Executive director | €802,333 |
| | 2006 | Private | Executive director | €456,500 |
| | 2007 | Private | Executive director | €596,000 |
| | 2005 | Private | Ex-officio member | €301,000 |
| | 2006 | Private | Ex-officio member | €1,248,000 |
| | 2007 | Private | Ex-officio member | €1,334,000 |
| | 2005 | Private | NED | €43,000 |
| | 2006 | Private | NED | €54,333 |
| 2007 | Private | NED | €76,400 | |
| Ryanair | 2005 | Private | Chairperson | €0 |
| | 2006 | Private | Chairperson | €0 |
| | 2007 | Private | Chairperson | €0 |
| | 2005 | Private | Ex-officio member | €686,000 |
| | 2006 | Private | Ex-officio member | €837,000 |
| | 2007 | Private | Ex-officio member | €992,000 |
| | 2005 | Private | NED | €45,714 |
| | 2006 | Private | NED | €43,571 |
| | 2007 | Private | NED | €41,571 |
| Smurfit | 2006 | Private | Chairperson | NA |
| | 2007 | Private | Chairperson | €250,000 |
| | 2006 | Private | Executive director | €1,851,500 |
| | 2007 | Private | Executive director | €1,637,500 |
| | 2006 | Private | Ex-officio member | €2,574,000 |
| | 2007 | Private | Ex-officio member | €2,593,000 |
| | 2006 | Private | NED | NA |
| | 2007 | Private | NED | €261,250 |
| Tullow Oil | 2005 | Private | Chairperson | UK £110,000 |
| | 2006 | Private | Chairperson | UK £125,000 |
| | 2007 | Private | Chairperson | UK £150,000 |
| | 2005 | Private | Executive director | UK £460,661 |
| | 2006 | Private | Executive director | UK £396,499 |
| | 2007 | Private | Executive director | UK £665,987 |
| | 2005 | Private | Ex-officio member | UK £855,830 |
| | 2006 | Private | Ex-officio member | UK £1,097,645 |
| | 2007 | Private | Ex-officio member | UK £1,285,121 |

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| ORGANISATION | YEAR | P/P | ROLE | AMOUNT |
|--------------|-------------------------|---------|--------------------|---------------------------|
| United Drug | 2005 | Private | NED | UK £36,500 |
| | 2006 | Private | NED | UK £38,066 |
| | 2007 | Private | NED | UK £47,600 |
| | 2005 | Private | Chairperson | €67,000 |
| | 2006 | Private | Chairperson | €150,000 |
| | 2007 | Private | Chairperson | €150,000 |
| | 2005 | Private | Executive director | €387,500 |
| | 2006 | Private | Executive director | €395,333 |
| | 2007 | Private | Executive director | €612,667 |
| | 2005 | Private | Ex-officio member | €577,000 |
| | 2006 | Private | Ex-officio member | €695,000 |
| | 2007 | Private | Ex-officio member | €1,145,000 |
| | 2005 | Private | NED | €67,666 |
| | 2006 | Private | NED | €58,000 |
| | 2007 | Private | NED | €58,000 |
| An Post | 2005 | State | Chairperson | NA |
| | 2006 | State | Chairperson | NA |
| | 2007 | State | Chairperson | NA |
| | 2005 | State | Ex-officio member | €416,000 |
| | 2006 | State | Ex-officio member | €481,000 |
| | 2007 | State | Ex-officio member | €523,000 |
| | 2005 | State | NED | Total Board Fees €200,000 |
| | 2006 | State | NED | Total Board Fees €262,000 |
| | 2007 | State | NED | Total Board Fees €272,000 |
| | Bord Gais | 2005 | State | Chairperson |
| 2006 | | State | Chairperson | NA |
| 2007 | | State | Chairperson | NA |
| 2005 | | State | Ex-officio member | €316,000 |
| 2006 | | State | Ex-officio member | €322,000 |
| 2007 | | State | Ex-officio member | €461,000 |
| 2005 | | State | NED | Total Board Fees €103,000 |
| 2006 | | State | NED | Total Board Fees €157,000 |
| 2007 | | State | NED | Total Board Fees €134,000 |
| Bord Na Mona | | 2005 | State | Chairperson |
| | 2006 | State | Chairperson | NA |
| | 2007 | State | Chairperson | NA |
| | 2005 | State | Executive director | €322,000 |
| | 2006 | State | Executive director | €365,000 |
| | 2007 | State | Executive director | €365,000 |
| | 2005 | State | NED | Total Board Fees €310,000 |
| | 2006 | State | NED | Total Board Fees €416,000 |
| | 2007 | State | NED | Total Board Fees €354,000 |
| | Central Bank of Ireland | 2005 | State | Ex-officio member |
| 2006 | | State | Ex-officio member | €351,125 |
| 2007 | | State | Ex-officio member | €368,703 |
| 2005 | | State | NED | Total Board Fees €101,579 |

| ORGANISATION | YEAR | P/P | ROLE | AMOUNT |
|--|---------|-------|-----------------------|---------------------------|
| | 2006 | State | NED | Total Board Fees €137,083 |
| | 2007 | State | NED | Total Board Fees €140,000 |
| CIE | 2005 | State | Executive Chairperson | €220,627 |
| | 2006 | State | Executive Chairperson | €262,707 |
| | 2007 | State | Executive Chairperson | €264,990 |
| | 2005 | State | NED | Total Board Fees €313,396 |
| | 2006 | State | NED | Total Board Fees €657,000 |
| | 2007 | State | NED | Total Board Fees €657,000 |
| Dublin Airport Authority | 2005 | State | Chairperson | NA |
| | 2006 | State | Chairperson | NA |
| | 2007 | State | Chairperson | NA |
| | 2005 | State | Ex-officio member | €331,000 |
| | 2006 | State | Ex-officio member | €688,000 |
| | 2007 | State | Ex-officio member | €698,000 |
| | 2005 | State | NED | Total Board Fees €219,000 |
| | 2006 | State | NED | Total Board Fees €210,000 |
| | 2007 | State | NED | Total Board Fees €328,000 |
| Dublin Docklands Development Authority | 2005 | State | Chairperson | NA |
| | 2006 | State | Chairperson | NA |
| | 2007 | State | Chairperson | NA |
| | 2005 | State | Ex-officio member | NA |
| | 2006 | State | Ex-officio member | NA |
| | 2007 | State | Ex-officio member | NA |
| | 2005 | State | NED | Total Board Fees €76,184 |
| | 2006 | State | NED | Total Board Fees €108,000 |
| | 2007 | State | NED | Total Board Fees €102,937 |
| | EirGrid | 2005 | State | Chairperson |
| 2006 | | State | Chairperson | €24,000 |
| 2007 | | State | Chairperson | €24,000 |
| 2005 | | State | Ex-officio member | €148,000 |
| 2006 | | State | Ex-officio member | €304,000 |
| 2007 | | State | Ex-officio member | €325,000 |
| 2005 | | State | NED | €10,158 |
| 2006 | | State | NED | €14,000 |
| 2007 | | State | NED | €14,000 |
| Enterprise Ireland | | 2005 | State | Chairperson |
| | 2006 | State | Chairperson | €23,917 |
| | 2007 | State | Chairperson | €23,917 |
| | 2006 | State | Executive Director | €199,356 |
| | 2007 | State | Executive Director | €163,219 |
| | 2005 | State | Executive Directors | €183,099 |
| | 2005 | State | Ex-officio member | €218,618 |
| | 2006 | State | Ex-officio member | €247,937 |
| | 2007 | State | Ex-officio member | €251,366 |
| | 2005 | State | NED | €7,634 |

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| ORGANISATION | YEAR | P/P | ROLE | AMOUNT |
|--------------------------|------|-------|--------------------|---------------------------|
| | 2006 | State | NED | €9,435 |
| | 2007 | State | NED | €8,573 |
| ESB | 2005 | State | Chairperson | €71,478 |
| | 2006 | State | Chairperson | €68,936 |
| | 2007 | State | Chairperson | €114,706 |
| | 2005 | State | Ex-officio member | €477,650 |
| | 2006 | State | Ex-officio member | €495,227 |
| | 2007 | State | Ex-officio member | €534,998 |
| | 2005 | State | NED | €11,716 |
| | 2006 | State | NED | €15,558 |
| | 2007 | State | NED | €13,966 |
| | FAS | 2005 | State | Chairperson |
| 2006 | | State | Chairperson | NA |
| 2007 | | State | Chairperson | NA |
| 2005 | | State | Executive director | NA |
| 2006 | | State | Executive director | NA |
| 2007 | | State | Executive director | NA |
| 2005 | | State | Ex-officio member | NA |
| 2006 | | State | Ex-officio member | NA |
| 2007 | | State | Ex-officio member | NA |
| 2005 | | State | NED | Total Board Fees €159,000 |
| 2006 | | State | NED | Total Board Fees €205,000 |
| 2007 | | State | NED | Total Board Fees €198,000 |
| Forfas | | 2005 | State | Chairperson |
| | 2006 | State | Chairperson | NA |
| | 2007 | State | Chairperson | NA |
| | 2005 | State | Ex-officio member | NA |
| | 2006 | State | Ex-officio member | NA |
| | 2007 | State | Ex-officio member | NA |
| | 2005 | State | NED | Total Board Fees €301,000 |
| | 2006 | State | NED | Total Board Fees €371,000 |
| | 2007 | State | NED | Total Board Fees €391,000 |
| IDA Ireland | 2005 | State | Chairperson | NA |
| | 2006 | State | Chairperson | NA |
| | 2007 | State | Chairperson | NA |
| | 2005 | State | Ex-officio Member | NA |
| | 2006 | State | Ex-officio member | NA |
| | 2007 | State | Ex-Officio Member | NA |
| | 2005 | State | NED | Total Board Fees €356,000 |
| | 2006 | State | NED | Total Board Fees €440,000 |
| | 2007 | State | NED | Total Board Fees €487,000 |
| Irish Aviation Authority | 2007 | State | Chairperson | NA |
| | 2007 | State | Ex-officio member | €350,000 |
| | 2007 | State | NED | Total Board Fees €126,000 |

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ISBN 9781848400733

©TASC, May 2010

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