

# **Hong Kong Internet Registration Corporation Limited**

## **Code of Conduct for the Board of Directors (“Code”)**

### **Introduction**

1. Hong Kong Internet Registration Corporation Limited together with all its majority-owned subsidiaries (hereinafter referred to as “HKIRC”) believes that honesty, integrity and fair play are important company assets in business. All directors of HKIRC (hereinafter referred to as “Directors”) have to ensure that HKIRC’s reputation is not tarnished by dishonesty or corruption. This Code sets out the basic standard of conduct expected of the Directors and HKIRC policies on acceptance of advantages and declaration of conflict of interest by the Directors in connection with their official duties.

### **Prevention of Bribery Ordinance**

2. Under Section 9(1) of the Prevention of Bribery Ordinance, a director who solicits or accepts an advantage in connection with his duties without the permission of the company may commit an offence. The term “advantage” is defined in the Ordinance and includes money, gift, loan, fee, reward, employment, contract, service and favour. The person offering the advantage may also commit an offence under Section 9(2) of the Ordinance.

3. A director who, with intent to deceive his company, falsifies documents or furnishes false accounting records may be guilty of an offence under Section 9(3) of the Ordinance. Section 9 of the Ordinance and the definition of “advantage” are detailed above.

### **Acceptance of Advantages**

4. It is HKIRC’s policy that the Directors should not solicit or accept any advantage from any persons having business dealings with HKIRC (e.g. clients, suppliers, contractors). However, the Directors are allowed to accept (but not solicit) the following gifts offered voluntarily:

- (a) advertising or promotional gifts of a nominal value; or
- (b) gifts given on festive or special occasions subject to a maximum limit of HK\$500 in value.

5. Directors should decline an offer of a gift if the acceptance could affect their objectivity in conducting HKIRC’s business, or induce them to act against the interest of HKIRC, or lead to allegations of impropriety. If a Director wishes to accept a gift not

covered in paragraph 4, he should seek permission in writing (via Form A) from the Board of HKIRC.

## **Entertainment**

6. As defined in Section 2 of the Prevention of Bribery Ordinance, “entertainment” refers to food or drink provided for immediate consumption on the occasion, and of any other entertainment provided at the same time. Although entertainment is an acceptable form of business and social behaviour, Directors must not accept lavish or frequent entertainment from persons with whom HKIRC has business dealings (e.g. suppliers or contractors) to avoid placing themselves in a position of obligation to the offerer.

## **Conflict of Interest**

7. A conflict of interest situation arises when the private interest of a Director competes or conflicts with the interest of HKIRC. Private interest includes both the financial and personal interests of the Director and those of his connections. Connections include family members, relatives, and close personal friends.

8. Directors should avoid situations which may lead to an actual or perceived conflict of interest situation, and should make a declaration in writing (via Form B) to the Board of HKIRC upon first appointment and when such a situation arises. Failure in doing so may give rise to criticism of favouritism, abuse of authority or even allegation of corruption.

9. Some common examples of conflict of interest include:

- (a) A Director involved in the procurement process is closely related to or has beneficial interest in a company which is being considered by HKIRC in the selection of a supplier or service provider;
- (b) one of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the Director responsible for the recruitment or promotion;
- (c) a Director involved in the selection of a supplier for HKIRC engages in frequent or excessive gambling with one of the suppliers under consideration;
- (d) a term contractor whose contract is about to be renewed grants a personal loan to the Director responsible for giving final approval or endorsement to contract negotiation; or

- (e) a Director responsible for evaluating tenders is a part-time consultant of one of the tenderers.

### **Handling of Confidential Information**

10. The Directors are prohibited from disclosing any information classified by HKIRC to anybody without authorization. Those who have access to or in control of such information should at all times ensure its security and prevent any abuse or misuse of the information. Examples of misuse include disclosure of information in return for monetary rewards, or use of information for personal gains. All Directors, except the Government Director, shall sign the undertaking titled “Handling and Disposal of Confidential Information and Documents of HKIRC” upon their first appointment.

### **Upholding of Corporate Image**

11. Directors should report to the Board on all incidents that may affect the corporate image, reputation or perceived integrity of HKIRC, no matter whether those incidents are of a personal or corporate nature.

### **Compliance with the Code**

12. It is the personal responsibility of every Director to understand and comply with the Code.

13. Any Director who is in breach of the Code will be requested to provide a full explanation of the incident. Appropriate remedial action will be discussed and agreed by the Board of HKIRC. In cases of suspected corruption or other criminal offences, a report will be made to the ICAC or the appropriate authorities.

14. Any enquiries about the Code or reports of possible breaches of this Code should be channeled to the Institution and Governance Committee of the Board of HKIRC for advice and action.

15. This Code is subject to changes from time to time at the discretion of the Board of HKIRC.

Date : 15 September 2006