

SUBSIDIARY LEGISLATION 442.03**CENTRAL CO-OPERATIVE FUND REGULATIONS**

21st October, 2016

LEGAL NOTICE 344 of 2016, as amended by Legal Notice 81 of 2019.

- 1.** The title of these regulations is the Central Co-operative Fund Regulations. Citation.
- 2.** (1) In these regulations, unless the context otherwise requires - Interpretation.
- "Act" means the Co-operative Societies Act; Cap. 442.
- "Chair" means the Chairperson of the Committee of the Central Co-operative Fund;
- "Committee" means the Committee of the Central Co-operative Fund;
- "Co-operatives Board" means the Board established by article 3 of the Act;
- "Fund" means the monies of the Central Co-operative Fund as established by article 91 of the Act;
- "Malta" has the same meaning assigned to it in article 124 of the Constitution;
- "Minister" has the same meaning assigned to it in article 2 of the Act;
- "primary society" has the same meaning assigned to it in article 2 of the Act.
- (2) Words and phrases not defined in these regulations shall have the same meaning as is assigned to them in the Act.
- 3.** (1) There shall be a Committee which shall be known as the Central Co-operative Fund Committee whose functions shall be: Functions of the Committee.
- (a) to administer the Central Co-operative Fund;
 - (b) to employ necessary personnel to fulfil its functions;
 - (c) to finance programmes, including education and training relating to the promotion and development of the co-operative movement for members of and personnel engaged by co-operatives and other persons who may actively contribute to the promotion of the co-operative movement;
 - (d) to commission studies and research on particular areas of co-operative activity or any individual co-operative society in Malta;
 - (e) to finance co-operative educational material with a view to promoting co-operative ideals and practices;
 - (f) to support and intensify the participation of the

Maltese co-operative movement in relevant organisations, activities and projects on an international level;

- (g) to collect, recover and institute proceedings for the payment of sums to the Central Co-operative Fund, in terms of article 91(6) of the Act;
- (h) to compile and approve the annual financial statements of the Fund;
- (i) to appoint the auditor of the Fund;
- (j) to receive and consider the auditor's report on the accounts and workings of the Fund;
- (k) to provide assistance to co-operative societies in connection with access and the raising of finance;
- (l) to investigate any matters concerning the operations of the Fund; and
- (m) to perform any other function that the Minister may assign.

Minister to appoint
Committee of the
Central Co-
operative Fund.
Amended by:
L.N. 81 of 2019.

4. (1) The Minister shall appoint the Committee of the Central Co-operative Fund, in accordance with the provisions of these regulations.

(2) (a) The Committee shall consist of eleven voting members who shall be composed of six independent members appointed by the Minister, two members each from amongst members of the two leading, eligible and recognised organisations and one member nominated by the joint consent of the two leading eligible and recognised organisations:

Provided that in the case of the one member nominated by the joint consent of the two leading and eligible and recognised organisations is not nominated within one calendar year from a request made by the Minister, then the Minister shall decide at this discretion on the appointment of this member:

- (b) The six independent members shall be appointed by the Minister responsible for co-operatives for a period of three years. These members shall hold and vacate office in accordance with the provisions of these regulations and with the terms of their appointment, and may at the end of their term of office be re-appointed thereafter:

Provided that a member of the Committee may at any time, by notice in writing to the Minister, resign from his appointment on the Committee.

- (c) A member of the Committee appointed by the Minister may be removed from office by the Minister if such member -
 - (i) is, in the opinion of the Minister, guilty of serious misconduct in the performance of his duties;

- (ii) is incapable of carrying out his duties; or
 - (iii) is in breach of any of the provisions of these regulations.
- (d) Any other member of the Committee, other than a member referred to in paragraph (c), may be removed from office by a simple majority of the Committee members if such member -
 - (i) is, in the opinion of the Committee members, guilty of serious misconduct in the performance of his duties;
 - (ii) is incapable of carrying out his duties; or
 - (iii) is in breach of any of the provisions of these regulations.
- (e) In the case of all the members not appointed by the Minister, these members shall, before taking up the appointment on the Committee, declare in writing under oath, to the Chair, that at the time of appointment they are not subject to any pending criminal proceedings, have not been convicted of a serious criminal offence, have not been interdicted for any period and have not been declared bankrupt or insolvent. Should any of the afore-mentioned disqualifications result, the said prospective members shall not be eligible to take up their appointment on the Committee.
- (f) The Minister shall appoint the Chair of the Committee from amongst one of the six independent members appointed by the Minister.
- (g) None of the six independent members appointed by the Minister shall be appointed or shall remain a member of the Committee if that person is -
 - (i) involved, directly or indirectly in any activity or function of the Committee that can give rise to any conflict of interest; or
 - (ii) involved, directly or indirectly in any activity or function of the Committee that can prejudice the work undertaken by the Committee; or
 - (iii) if they offer or are engaged in any other kind of service to any co-operative registered with the Board, or to founding members in the process of setting up a co-operative, or any recognised organisation, or the Co-operatives Board.
- (h) All the members shall be persons of integrity and good moral character who shall work independently and will not divulge any information, whether financial or of any other nature to third parties, and when exercising their functions under regulation 3 shall respect and apply the principles of good administrative behaviour laid down in article 3 of the Administrative Justice Act. Cap. 490.
- (i) All the members are expected to have extensive

knowledge in a field related to their appointment including, but not limited to co-operatives, financial management, legal, regulatory and accountancy.

- (j) The members of the Committee, other than those appointed by the Minister, shall be appointed for a period of three years. These members shall hold and vacate office in accordance with the provisions of these regulations and with the terms of their appointment, and may at the end of their term of office be re-appointed thereafter:

Provided that a member of the Committee may at any time, by notice in writing to the Committee, resign from his appointment on the Committee.

- (3) (a) A Secretary shall be appointed by the Minister and shall be responsible for performing administrative duties to support the Committee. The Secretary shall not have voting rights in the Committee.
- (b) The duties of the Secretary shall include the following:
- (i) to convene and attend meetings of the Committee;
 - (ii) to maintain correctly and up-to-date all the Fund's records, papers and registers, and to conduct its correspondence;
 - (iii) to perform any other duties as may be specified by the Committee.
- (4) (a) Observers who are not part of the Committee may be invited to attend Committee meetings or parts thereof, upon the request of the Chair, but shall not have voting rights in any decisions taken by the Committee.
- (b) Observers shall be considered to be any other individual not forming part of the Committee and who, on the basis of their own expertise and, or past or present experience, are considered able to actively contribute towards the promotion of the co-operative movement.

(5) A member of the Committee shall be paid such honorarium as the Minister may, from time, to time determine. Such honorarium shall be paid out of the Central Co-operative Fund.

(6) When a vacancy occurs for whatever reason in respect of a member of the Committee in terms of sub-regulation (2), such vacancy shall be filled by another appointment at the earliest opportunity.

(7) Any member of the Committee who absents himself for three consecutive meetings of the Committee without a valid reason shall be considered as having resigned from the Committee. In this case the procedure for the filling of a vacancy on the Committee shall be as described in sub-regulation (7).

(8) Any member of the Committee who, directly or indirectly, may have a conflict of interest or an interest, otherwise than as a

member of the Committee, in any matter being raised or discussed by the Committee, shall withdraw from the meeting during the discussion or until the matter in question is decided upon by the Committee. Any disclosure shall be recorded in the minutes of the meeting of the Committee.

(9) The members of the Committee and any employees engaged by the Committee, and any other person authorised to act for or on behalf of the Committee shall, at all times, treat any and all information by applicants during the course of their duties as confidential.

5. The legal and judicial representation of the Committee shall be vested in the Chair and the Secretary or, in the Chair's absence, in any other member of the Committee, who has also been appointed by the Minister, in his stead.

Legal and judicial representation of the Committee.

6. (1) Meetings of the Committee shall be convened by the Secretary acting on instructions of the Chair, and shall be held as frequently as necessary but in any case not less than once every month.

Meetings.

(2) The quorum at meetings of the Committee shall consist of six members including the Chair.

(3) Notwithstanding the provisions of sub-regulation (2), the Committee shall not be precluded from holding any meeting or from acting on any matter merely by reason of any vacancy in its Committee.

(4) All decisions of the Committee shall be taken by a simple majority of votes taken by the members present and voting. The Chair shall have, in the case of an equality of votes, a casting vote in addition to his original vote.

7. (1) The Committee shall exercise a high degree of diligence in administering the funds under its responsibility. The Committee shall at all times assure the adequate liquidity of the Fund.

Reporting of the Committee.

(2) The Committee shall make available, as a minimum twice a year, a report on the utilisation of the funding to the Minister and the Co-operatives Board.

(3) The Committee shall, by no later than three months after the end of each financial year, make available a complete report of the previous year, its activities and operations, including audited financial statements to the Minister and the Co-operatives Board. A copy of this report shall also be made available to the public.

(4) The Committee shall afford to the Minister every facility for obtaining and verifying information connected with the activities of the Committee, in order to enable the Minister to properly exercise his functions under these regulations.

8. Every payment made out of the Central Co-operative Fund shall be approved by the Chair. The payment of the sums approved by the Chair shall be authorised by means of a voucher signed by two members of the Committee.

Payments.

Accounting records.

9. The Committee shall keep proper accounts and all other necessary records in respect of the financial transactions and operations of the Fund.

Auditing of the Fund.

10. (1) The financial statements of the Fund shall be made up to the 31st December of each year and shall be audited by a person in possession of a warrant to practice as a certified auditor and who shall be appointed by the Committee. The auditor so appointed shall at all reasonable times have full and free access to all accounting and other records relating to the financial transactions of the Fund.

(2) The auditor, in taking up the appointment, shall declare in writing that he has no conflict of interest whether directly or indirectly with any of the recognised organisations or any registered co-operative society and, if any conflict of interest is declared, shall not accept the appointment or, if it arises after such appointment, shall withdraw from the appointment.

(3) The auditor shall in particular report on:

- (a) whether the financial statements show a true and fair view of the financial transactions and the state of affairs of the Fund;
- (b) whether proper accounting and other records have been kept;
- (c) whether the receipts, payments, deposits and investments of monies in respect of the Fund have been effected in accordance with the provisions of the Act and of these regulations; and
- (d) any other relevant matters arising from the audit.

(4) The auditor shall forthwith inform the Committee of any material irregularity disclosed in the course of his audit.

(5) The remuneration of the auditor shall be fixed by the Committee, as the case may be, and shall be paid for from the Fund.

Notices and other communications

11. Any notice, communication or other document addressed to the Committee shall be addressed to the Chair.

Recognised organisations.

12. An organisation shall be officially recognised by the Committee if on an annual basis:

- (a) it has as its members at least thirty-five percent of all the eligible registered co-operative primary societies:
Provided that an annual declaration issued by the Co-operatives Board attesting to the above shall be submitted to the Committee; or
- (b) its members contribute at least thirty-five percent of all the paid-up contributions to the Fund:

Provided further that all primary societies shall be required to inform the Co-operatives Board of their affiliation with any recognised organisation on an annual basis.

13. (1) The following shall be eligible to apply for access to funds from the Central Co-operative Fund in accordance with regulation 15:

Eligibility for funding.

- (a) eligible co-operative societies that make a direct application to the Committee;
- (b) any recognised organisation;
- (c) the Committee;
- (d) the Co-operatives Board; and
- (e) any person who actively contributes to the promotion and development of the co-operative movement.

(2) Applications shall be made to the Committee in accordance with the procedures as prescribed by the Committee.

14. (1) In accordance with regulation 13(1)(a) and (b), any eligible co-operative society or eligible recognised organisation applying for access to funds shall be in conformity with all of the following:

Eligibility for funding by co-operative societies and recognised organisations.
Substituted by: L.N. 81 of 2019.

- (a) a copy of the co-operative's last financial statements; and
- (b) a list of members, their identity card numbers, addresses and email addresses; and
- (c) a list of the elected committee members; and
- (d) a list of attendees at the last Annual General Meeting or a declaration by the committee that the Annual General Meeting was convened and held in accordance with the legislation and co-operative's statute; and
- (e) the co-operative society shall have made a minimum paid up contribution of two hundred and fifty euro (€250) of the last three financial years as determined by the audited financial statements filed with the Committee; and
- (f) the co-operative societies' and recognised organisations modified financial statements of the preceding two financial years shall not be seriously qualified by the co-operative societies or organisations auditor.

(2) The following shall be exempted from being in conformity with the requirements of regulation 14(1):

- (a) a new co-operative with three complete years or less of financial operations;
- (b) a co-operative for social or community benefit that is a social enterprise.

(3) The requirements in regulation 14(2) may be reviewed every three calendar years by the Board.

15. Funds may only be utilised and shall be distributed by the Committee for the following purposes:

Use of funds.

- (a) by a co-operative society to finance research and

development, training and educational programmes of the co-operative society, but excluding general administration costs, salaries, wages, honoraria, international membership fees and related personnel expenditure;

- (b) by a recognised organisation to finance research and development, training and educational programmes relating to the promotion and development of the co-operative movement but excluding international membership fees and general administration costs including salaries, wages, honoraria and related personnel expenditure;
- (c) by the Committee to finance research and development, training and educational programmes relating to the promotion and development of the co-operative movement, support services and general administration costs including honoraria of its members salaries and wages and to fulfil its functions;
- (d) by individuals or statutory bodies who actively contribute to the promotion of the co-operative movement to finance initiatives, training and educational programmes relating to the promotion and development of the co-operative movement.

Distribution of funds.
Substituted by:
L.N. 81 of 2019.

16. (1) Funding shall be distributed by the Committee, subject to availability, according to the following structure:

- (a) a sum equivalent to three and half percent of the five percent paid up dividend share capital contributed during the preceding year shall be granted to the two leading, recognised and eligible organisations towards the financing, administration and provision of services to members of the organisations;
- (b) a sum equivalent to one and half percent of the five percent paid up dividend share capital contributed during the preceding year shall also be granted to:
 - (i) member societies of both leading, recognised and eligible organisations;
 - (ii) co-operatives not members of or affiliated with the two leading, recognised and eligible organisations;
 - (iii) for jointly presented proposals by the two leading recognised and eligible organisations; and
 - (iv) those eligible for funding in accordance to regulation 13.

(2) The Committee shall make available the funds to the two leading, recognised and eligible organisations in regulation 16(1)(a):

- (a) upon majority approval of the forecasted annual

budget of the following year which shall be provided to the Committee by not later than October of the preceding year;

- (b) upon majority approval of the budget, the Committee shall transfer the funds for the upcoming year by not later than seventh day of January.

17. These regulations and the Committee shall be subject to the existing rules governing public funds including the Public Administration Act, the Public Services Management Code and the Code of Ethics in accordance with the First Schedule to the Public Administration Act.

Applicability of other laws. Cap. 595.

18. In any one year, the Committee may distribute up to one hundred percent (100%) of the yearly contribution recognised in the latest available audited financial statements of the Fund.

Distribution of funds.

19. In any case where the Committee agrees to distribute more than one hundred percent (100%) of the amount specified in regulation 18, the written authority of the Minister is required.

Authorisation by the Minister.

20. (1) In accordance with the provisions of regulation 14 any co-operative society which is in arrears in the Fund contribution shall not benefit from funding and shall not be eligible to apply for access to funding.

Ineligibility to benefit from the Fund.

(2) For the purposes of this regulation contributions made within nine months from the end of the financial year of the co-operative society shall not be considered to be in arrears.

21. (1) The management and conduct of the office of the Committee and the administrative control of any of its employees shall be the responsibility of the Chair.

Responsibility of the Chair.

(2) The terms and conditions of any employees of the Committee shall be comparable with those of employees in the service of the Government and shall be established by the Committee with the concurrence of the Minister.

22. A beneficiary of funds in terms of these regulations shall submit, on a minimum basis, an annual return to the Committee with a detailed account and proof of the use of the funds as prescribed by the Committee:

Submission of returns.

Provided that all funds not utilized in accordance with the approval given by the Committee shall be reimbursed to the Fund as directed by the Committee.

23. (1) Funds distributed by the Committee shall be subject to such verifications that the Committee may from time to time pursue.

Verifications.

(2) The beneficiaries of funds by the Committee shall allow such verifications to take place as and when requested by the Committee or by persons appointed by the Committee for this purpose.

(3) The Committee shall reserve the right to withhold, suspend or claim back payments made by the Committee to beneficiaries who:

- (a) do not allow, or in any way obstruct, a verification exercise; or
- (b) misrepresent their funding accounts; or
- (c) whose funding allocation is not being used for the specific purposes for which it was intended.

Investigations. **24.** The Committee may carry out investigations concerning any shortcomings in connection with the use of funds and may refer its findings to the police.

Offences. **25.** (1) Any eligible beneficiary of funds in accordance with regulation 14 who wilfully, with intent to obtain funds under these regulations or to assist any other person to do so -

- (a) omits from an application or any other document or statement made, prepared or submitted for the purposes of or under these regulations, any matter which should be included therein; or
- (b) makes any false statement or entry in any return or other document or statement prepared or submitted for the purposes of or under these regulations; or
- (c) gives any false answer, whether verbally or in writing, to any question or request for information asked or made in accordance with the provisions of these regulations; or
- (d) prepares or maintains or authorizes the preparation or maintenance of any false books of account or other records or falsifies or authorizes the falsification of any books of account or records; or
- (e) makes use of any fraud, art or contrivance whatever or authorizes the use of any such fraud, art or contrivance,

shall be guilty of an offence, and shall for each such offence be liable on conviction to a fine (*multa*) of not less than one thousand and two hundred euro (€1,200) and not exceeding five thousand euro (€5,000).

(2) Upon any person admitting to or being found guilty of any of the above offences, the Committee shall request the full reimbursement of the funds issued.

*Substituted by:
L.N.81 of 2019.*

SCHEDULE
(Regulation 17)

Code of Ethics

1. Principles

- 1.1 The Committee and its members shall take as their inspiration and aspiration the Values and Principles of the International Co-operative Alliance as reproduced at the end of this Code. The work of the Committee is dedicated to improve the cooperative impact on the Maltese economy and help to provide a sustainable pluralistic and diverse national economy.
- 1.1 The Committee and its members should govern according to the highest standard of integrity, honesty, loyalty, confidentiality, commitment transparency, accountability and professionalism, and in a manner that treats all stakeholders fairly, equitably and promptly.
- 1.2 Without prejudice to the Constitution or where any other law otherwise provides, the Committee and its members should ensure that their actions are inspired by loyalty to the Committee and to all stakeholders. This is especially important as this Committee is responsible for the distribution of funds that have been subscribed by a levy prescribed by the Government on the surpluses of successful co-operatives. Hence the Committee members have a fundamental responsibility not just to Government but also to co-operatives and their individual members, as well as to the wider public.
- 1.3 The Committee and its members should ensure that their members commit to decisions that not only economically effective and efficient but are also socially responsible in line with the underpinning philosophy of democratically owned co-operative enterprise.
- 1.4 The Committee and its members are expected to provide impartial and accurate advice to the Government of the day.

2. Fiduciary duty and duty of care

- 2.1 Being a Committee member brings with it a commitment to carry out all necessary duties and responsibilities which must be performed by the Committee. The Committee and its members owe both a fiduciary duty and a duty of care towards the Committee and the persons that they serve.
- 2.2 Fiduciary duty relates to the concepts of loyalty, honesty, avoidance of conflicts of interest, confidentiality and acting in good faith and interests of the co-operative sector and its members, as well as meeting the high standards expected by the wider public.
- 2.3 Duty of care relates to the exercise of care, diligence and skill in doing the job properly e.g;

- Attend every meeting of the board and of any committee or sub-committees of the board to which he is appointed, unless there is an avoidable reason for non-attendance, in which case the Member shall notify the Chairperson of this.
- Prepare properly for every meeting by reading in advance any documents sent out for the purpose of the meeting.
- Arrive on time for every meeting fully prepared and able to take an active role in discussions and decision making.

2.4 As the Committee's agents, the Committee and its members must use their discretion to ascertain that decisions are taken within the policies, parameters and priorities in keeping with the objects of the Committee and with the Values and Principles of the International Co-operative Alliance. In particular, decisions should never be made for any collateral purpose, nor for personal interest.

3. Compliance with the law

- 3.1 Each Committee member should understand and abide by his legal duties and responsibilities. The Committee and its members must ensure that individually, collectively as the Committee, and the Committee, act in full compliance with the letter and spirit of all the relevant legislation.
- 3.2 The Committee and its members must ascertain that they commit themselves and the Committee to act ethically and legally at all times. They must also avoid situations which could be perceived as improper. Whilst the Committee and its members must be conversant with the relevant legislation and regulations in force, they are expected to seek professional advice whenever in doubt. They must also ensure that the Committee's records are accurate and faithful.

4. Fairness, equity and standards of behaviour

- 4.1 In addition to fulfilling their legal duties, members are expected to show high standards of behaviour in carrying out their responsibilities. This is necessary in order that the Committee can function properly, that it can play its part appropriately in the overall governance of the Central Co-operative Fund, and that the good name and reputation of the Central Co-operative Fund is maintained.
- 4.2 Members will observe the following general standards:
- Members will perform any duties associated with their positions diligently, impartially and conscientiously to the best of their ability.
 - In their dealings with each other, with the Committee's officers, and with its professional advisers, members must treat people politely, fairly, and with dignity and respect.
 - The Committee and its members must ensure that their Committee deals

with issues or cases with consistency, promptness and fairness. This involves dealing with matters in accordance with approved procedures quickly and without discrimination on any grounds. Every Committee member is obliged to treat each issue reasonably and with a view of meeting the principles of natural justice.

- On public occasions and on all Central Co-operative Fund business, members must behave with integrity and in a way that is appropriate for a member of such an organisation. The member must not bring the Central Co-operative Fund into disrepute or prejudice its general good standing in any way.
- Members should behave in a way that demonstrates their beliefs in the Values and Principles and ethical stance of the co-operative movement worldwide and shall conduct themselves in a way that does not call these beliefs into question or prejudice the general good standing of co-operation in any way.

4.3 Members will treat meetings of the Committee as formal occasions, and will:

- accept the authority of the Chairperson of any meeting, expressing all questions and points of view through the Chairperson;
- listen to the views of other members with an open mind, seek advice or clarification where needed, express their own views, and come to their own decisions on individual matters in good faith in what they believe to be in the best interests of the Central Co-operative Fund and its objectives, taking into account relevant factors and ignoring irrelevant factors;
- accept decisions made by the Committee in accordance with the law and the Central Co-operative Fund governing document, even if he disagrees with it, and voted against it if a vote was taken. This includes a commitment to support any decision of the Committee outside of Committee meetings;
- not resort to behaviour that could be considered aggressive or intimidating,
- nor indulge in favouritism, cronyism or nepotism;
- keep to the agenda, raise other issues under "any other business" according to agreed procedures, and not engage in discussions during the meeting which are not relevant to the issues of the meeting;
- not present misleading information or behave in a way designed to mislead the board.

5. Public comment and confidentiality

- 5.1 The Committee and its members enjoy the right to make public comment and enter into public debate on political and social issues. However, such

action does not bring them into conflict in any manner with their primary duties.

- 5.2 Committee members will treat all information which they receive in their capacity as members, and all discussions at Committee meetings as confidential.

5.3 Members will observe the following obligations of confidentiality:

- They will not disclose any information outside Committee meetings unless it is already in the public domain, or they are specifically authorised by the Committee to do so, or if required to do so by law. This includes information about the business before the Committee, deliberations of the Committee in reaching decisions, and the way individual members voted on issues.
- They will not use any information for personal advantage, or the advantage of family, friend, associates or business and other associations' benefit.
- They will not pass information to any representative of the press or media, and will refer any press or media enquiries to Chairperson.
- They will not make unauthorised photocopies of any documents.
- They will take proper care of any documents they receive as members, and store and dispose of them securely.

- 5.4 The Committee and its members must ensure that the Committee applies the highest standards of management: ensure accountability requiring everyone to be held responsible for their actions, ascertain transparency in the decision making process to cultivate trust, and integrate and instil all the elements of good governance within the Committee's culture.

6. Conflicts of interest

- 6.1 A conflict of interest arises out of a situation where the Committee and its members use their post to benefit themselves, friends or families or persons associated in their work endeavours.
- 6.2 The Committee and its members should not use their position to promote their interests, interests of related persons, business associates, corporations, unions, partnerships and friends.
- 6.3 The Committee and its members should not take advantage from their Committee's transactions and opportunities or to solicit clients for their, their associates', work, friends' or family business' interests.
- 6.4 The Committee and its members should not only avoid situations that may give rise to conflicts of interest and must disclose to the Committee and the Chairperson in writing any situation where there is a perceived or potential risk that conflicts of interest may arise.

- 6.5 In the event that any member of the Committee declares that the Chairperson or other member has a conflict of interest, the Chairperson will notify the Minister of such claim.
- 6.6 The Chairperson must fully disclose in writing to the Minister all situations and circumstances that could give rise to conflicts of interests. He is to seek the advice of the Minister in such matters but as a minimum, he should not participate in the meeting nor have access to the relative documents.
- 6.7 Likewise the Committee and its members must fully disclose in writing to the Chairperson and the Committee, all situations and circumstances that could give rise to conflicts of interests. Such member should recuse themselves from the meeting when the relevant item is discussed and should not have access to any documents relevant to the conflicted item.
- 6.8 The Committee and its members are duty bound to reject totally and immediately any undue pressure that is brought to bear on them to influence their behaviour or decisions and should disclose such instances to the Chairperson and the Committee, who must decide on the most appropriate action, giving due consideration to disclosing the matter and seek advice from the responsible Minister.
- 6.9 The Chairperson must keep a register of member's interests which is open to inspection by members.

7. Entertainment, gifts and favours

- 7.1 Committee members must not, in their capacity as a Committee member (or what might be perceived as their capacity as member, receive from or give to any person or organisation any hospitality, gift or any other benefit.
- 7.2 The Committee and its members, their relatives and friends should not accept entertainment, gifts, benefits or favours that give rise to or are perceived to create favoured positions in doing business with the Committee or deviate from the proper course of duty. Such benefits also include the receipt of cash, loans, securities or commissions.
- 7.3 The Committee and its members should not offer entertainment, gifts, benefits or favours in their role as Committee members to solicit preferred treatment for themselves, their families or friends, or the Committee.
- 7.4 Committees vary in their policies on the acceptance of gifts and benefits depending on the nature of their business. It is expected, however that only token gifts or benefits may be accepted for example inexpensive items (less than €20 in value) such as free calendars may be accepted in circumstances approved by the Chairperson and the Committee.

8. Procurement

- 8.1 In all procurement practices, including in the setting out of procedures for tendering, the Committee and its members must bear in mind that the

expenditure involved is made out of co-operative and public funds. The highest possible level of accountability and transparency should be reflected in every stage of the decision making process of procurement.

- 8.2 The Committee and its members should seek to ensure the best value for money in drawing up the specifications and the conditions of procurement and in the adjudication of the offer or offers.
- 8.3 The recognised organisation shall not be obliged to observe public procurement practices (notwithstanding regulation 17 of the regulations. but shall observe commercial good practice.

9. Use of Committee's property

- 9.1 The Committee and its members are expected to be efficient and economical in the use and management of the Committee's resources. They are also required to be conscientious in their use of the organisation's property and services, and are duty bound to avoid their abuse by other parties.
- 9.2 The Committee and its members are required to seek the Chairperson's and Committee approval to use the Committee's property for any purpose not being the Committees business.

10. Outside business interests, employment and associations

- 10.1 At the time of appointment the Committee and its member's nominees should declare in writing any outside business interests, investments, positions of employment or associations that could potentially give rise to conflicts of interest.
- 10.2 A Committee member has a duty to notify the Chairperson and Committee in writing if, during his membership of the Committee his position as reported in paragraph 9.1 above changes. An annual review should be conducted by Committee officials.
- 10.3 The Committee and its members should act and behave in the best interest of the Committee irrespective of any outside activities.

11. Relationships with stakeholders

- 11.1 The relationship with stakeholders is at the heart of corporate governance. The Committee and its members should exhibit care and diligence in their dealings with the various stakeholders, acting in good faith and fairness in their rapport with them.
- 11.2 The relationship between the Minister and the Committee is a complex one. The Minister is responsible to the Government as well as to Parliament and must speak both to and for the Committee. The Chairperson and the Committee must ensure that the Minister is provided with the best possible information about the decisions and actions of the Committee.

- 11.3 The relationship between the Committee and the co-operatives and their individual members is also a complex one. Members must have a deep and thorough understanding of the distinct nature of co-operative enterprise. In particular its fundamental role to 'meet the needs of its members' and not solely to maximise profits where that could be to the detriment of the individual member. Co-operative elected or appointed members of the Committee must be particularly diligent in recognising their fiduciary duty to the Committee and avoid pressure to accept mandates for action from their co-operative associations.

12. Breach of this Code

- 12.1 The Committee should ensure that it behaves, and is seen to behave, in an ethical manner.
- 12.2 The Committee and its members should adhere to the standards described in this Code of Ethics. In fulfilment of this, every Committee member should review and declare adherence to the Code of Ethics upon nomination.
- 12.3 The Chairperson is responsible to ensure that this Code of Ethics is upheld by the Committee and the members. Members found in breach of the Code of Ethics are liable to censure and recommendation for dismissal from the position. The Chairperson must ensure that breaches are reported to the responsible Minister immediately after they have come to their attention.

13. Declaration *(to be completed and signed by each Committee member before taking up appointment on the Committee).*

I (*name and surname*), Identity Card number, declare that I have read and understood this Code of Ethics for the Committee and its members, and agree to conduct myself in accordance with this Code.

Signature

Date
