

ICSTIS HANDBOOK AND CODE OF CONDUCT FOR BOARD MEMBERS

Published by ICSTIS August 2005

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Section 1 THE WORK

1.1 Responsibilities

The function of ICSTIS is to supervise the content and promotion of premium rate telephone services, primarily by drawing up and enforcing a Code of Practice. This involves the following tasks¹:

- a set and maintain standards and, as appropriate, requirements for the content, promotion and marketing and provision of premium rate services, and keeping these standards under review
- b monitor premium rate services to ensure compliance with these standards
- c consult widely with interested parties before changing these standards
- d make arrangements and determine procedures for the proper support (including funding) of ICSTIS and the efficient and effective operation of its regulation of premium rate services
- e determining any categories of premium rate services which may only be provided on the basis of prior written permission from ICSTIS, identifying conditions which should be attached to the grant of such prior permission, keep such categories and conditions under review, and receive, consider and determine applications for prior written permission
- f administer a system for the payment of claims for compensation for unauthorised use of live services, and provide a system for adjudications where such claims are disputed
- g investigate and adjudicate upon complaints relating to the content, promotion and marketing of premium rate services and issues directions designed to achieve compliance with the Code which may include the imposition of sanctions
- h issues directions either generally or to individual providers of premium rate services to procure compliance with the Code and/or to secure enforcement of its provisions
- i publish reports on its work at regular intervals and generally publicise its role. This includes reports to Ofcom, as and when required, relating to the regulation of the premium rate industry and the adequacy and appropriateness of regulatory arrangements

1.1.1 ICSTIS will operate in accordance with the principles of good regulation: transparency; accountability; targeting; consistency; and proportionality.

1.1.2 In carrying out these tasks, the main functions of Board members involve:

- a formulating ICSTIS policies and strategies, including the development and enforcement of the Code of Practice
- b setting and reviewing the annual objectives and organisation plan
- c supervising the work of the Director/Executive, who/which is accountable to the Board for ensuring that provision of an effective and efficient service;
- d adjudicating on complaints and granting of prior permission for specified services. (Non-industry Board members only²).

¹ These tasks are replicated in the Code of Practice (10th Edition) and are subject to alteration through public consultations of the Code which is approved by Ofcom.

² These are the majority of Board members who are independent of the premium rate industry having no current involvement in the connectivity, provision or promotion of premium rate services. Such members will also generally be expected not to have specific interest in the premium rate industry but should this arise such interest will be declared.

- 1.1.3 Board members are also Directors of ICSTIS Ltd, a non-profit making company limited by guarantee, and in this capacity their responsibilities include:
- a preparing accounts for each financial year which give a true and fair view of the state of affairs of the company and of its financial results for that period. In preparing these accounts, the Directors of ICSTIS Ltd are required to:
 - select suitable accounting policies and then apply them consistently
 - make judgements and estimates that are reasonable and prudent
 - state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
 - prepare the accounts on the basis of a going concern unless it is inappropriate to presume that the company will continue in business
 - b keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the relevant provisions of the Companies Act 1985 outlined above
 - c taking such steps as are reasonably open to them, such as through effective risk management plans, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- 1.1.4 While professional advice is available to Board members in fulfilling these accounting responsibilities, this does not absolve them from responsibility for fulfilling their statutory duties as Directors of ICSTIS Ltd - set out more fully at Appendix D. For the avoidance of doubt, whilst on the ICSTIS payroll, Board members are not employees of ICSTIS Ltd.

1.2 Board Members

There are up to twelve members all appointed in their individual capacities. Up to three of those members are appointed on the basis that they have relevant industry knowledge. These industry members are expected to have connections with, and interests in, the industry. Industry members do not exercise any adjudicatory functions within ICSTIS. Non-industry members are defined in footnote 1 (page 3).

1.3 Workload

- 1.3.1 The work of Board members involves attendance at the following meetings, usually held in central London:

All members:

- a the Board, which normally meets in the early evening, averaging about twelve meetings a year of two to three hours' duration;
- b standing sub-Committees and ad hoc Working Groups, which vary in subject matter and composition and which normally meet during the day. It is not practicable to estimate the time commitment, as the selection of sub-Committees on which a Board member serves depends partly on the availability and interests of the Board member. See also 1.3.4.

Non-industry members only:

- c the Complaints Panel, which normally meets fortnightly in the late afternoon for an hour and a half, and has a rotating membership of three Board members. Each member may expect to be on the Complaints Panel about ten times a year [This may need to change to reflect outputs from the Adjudications sub-group in due course;

- d oral hearings and other representations from service providers, in accordance with Code procedures.
- 1.3.2 Other aspects of the work are carried out from each Board member's home/office, including:
- All members:*
- a reading and preparation for meetings of the Board and relevant sub-Committees and Working Groups;
 - b miscellaneous work, including drafting papers or commenting on Executive drafts
- Non-industry members only:*
- c completing the weekly Complaints Report, which involves adjudicating on possible breaches of the Code of Practice. As part of the adjudication consideration, some cases may entail testing of the relevant premium rate services by Board members;
 - d responding to Executive requests for advice or decisions on the use of the emergency procedure.
- 1.3.3 In addition, there is a wide range of other activities in which Board members may be involved, including meetings with industry or other interested bodies, visits to service providers and media interviews. It is not practicable to quantify these, which will in any case depend partly on the Board member's availability.
- 1.3.4 The time commitment of a Board member depends on the number of sub-Committees and Working Groups participated in and could be between ten and 20 hours a month. The amount might be lower for industry Board members as they will not take part in the adjudicatory functions of ICSTIS, including preparation for and attendance at Complaints Panels.

1.4 Board meetings

- 1.4.1 The setting of quorum is a matter for the Board to decide from time to time but at the date of this document the quorum is 7 Directors present, of which at least 4 must be non-industry members.

1.5 Liability

- 1.5.1 Any legal proceedings initiated by a third party are likely to be brought against ICSTIS as a collective body. In exceptional cases proceedings might be brought against individual Board members. For example, a Board member may be personally liable if he or she makes a negligent statement which leads to loss by a third party. Such cases are likely to be covered by the Board's insurance, but this will depend on the specific circumstances. The main terms of the insurance policy will be available to Board members if requested.

1.6 Relationship with Ofcom

The relationship with Ofcom will be governed by an agreed Memorandum of Understanding which will be published once agreed with Ofcom.

1.7 The Role of the Chairman and Deputy Chairman

1.7.1 The Chairman is expected to be beyond reproach on the question of independence. The Chairman is expected to observe the duties and responsibilities of members but also has particular responsibility for:

- ensuring the Board holds the organisation to account
- representing ICSTIS in dealing with Ministers, Ofcom and providing effective leadership in meetings of the Board and its members with key external stakeholders
- directing, supporting and managing the Director/Executive and ensuring that systems and procedures are in place for KPIs and other targets set by the Board to be met
- ensuring that the Board meets at regular intervals throughout the year, and that the minutes of meetings and any reports accurately record the decisions taken and, where appropriate, the views of individual members
- ensuring that new members, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities
- providing an assessment of members' performance on request and in accordance with para 2.4.1 below.
- ensuring that all new members are aware of the rules on conflicts of interest (and register of interests) and that they are bound by this Code of Conduct, reminding all members of this at regular intervals
- taking steps to remind members always to declare relevant interests and, if requested, to withdraw from any discussions where the independence of their advice might be called into question or where there is a real or perceived conflict of interest
- ensuring that the conflict is recorded in the minutes.
- Making appointments of members to ICSTIS sub-Committees and other Working Groups. The Chairman may also sit on sub-Committees and Working Groups but shall not be a member of, nor shall chair, the Audit Committee of ICSTIS.

1.7.2 The Chairman will work with the Director and the Board to:

- ensure proper co-ordination of ICSTIS' media activities
- set ICSTIS' public persona and its internal culture
- ensure that the internal organisation is effective
- formulate ICSTIS' strategy for discharging its statutory duties
- generally keep abreast of industry developments and aim to provide proactive as opposed to reactive regulation.

1.7.3 The Deputy Chairman (who will also be a non-industry member) shall fulfil all of the above responsibilities when standing in for the Chairman during a period of absence.

1.8 Standards in Public Life

1.8.1 Board members of ICSTIS must:

- (a) be committed to the mission of ICSTIS and be accountable to its funders, the industry and Ofcom
- (b) observe the highest standards of propriety including impartiality, integrity and objectivity in relation to the stewardship of funds and the exercise of its functions
- (c) conduct their dealings with stakeholders in an open and responsible way
- (d) subscribe to this Code of Conduct, and comply with it in all their duties as members of ICSTIS - members must ensure that they understand their duties, rights and responsibilities, and that they understand the functions and role of ICSTIS
- (e) carry out their functions in accordance with ICSTIS' role and remit
- (f) follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life (Appendix E)

(g) exercise proper discretion when engaging in any political activities – members are free to engage in political activities but where they do so they should take all reasonable care that they do not do or say anything that would suggest or imply that ICSTIS is anything other than a non-political and independent regulatory body (in case of doubt, members should seek advice from the Director or Chairman).

1.8.2 Board members must not:

(a) misuse information gained in the course of their service to ICSTIS for personal gain or for political purpose, nor seek to use the opportunity of public service to promote their private interests or those of connected persons, firms, businesses or other organisations

(b) in accordance with para 4.8 below, speak on a public platform or in the media and present themselves as an ICSTIS Board member unless and until that has been agreed by the Chairman or Director

Section 2 APPOINTMENTS TO THE BOARD

2.1 Procedures

- 2.1.1 Board member vacancies will be advertised or publicly notified. However, the field of potential candidates being considered will not necessarily be limited to those responding to an advertisement. Others may be informed of vacancies by ICSTIS on the basis of suggestions by network operators, service providers, existing Board members or other stakeholders.
- 2.1.2 No-one applying for one of the independent, non-industry member positions who has a current financial or other direct or prospective involvement with the premium rate industry will be considered for appointment to the Board, although they may apply for one of the industry vacancies as and when they arise.
- 2.1.3 All potential candidates will have made available to them an application pack setting out the relevant information about the criteria for selection and how to make an application for the position.
- 2.1.4 A sub-committee appointed by and including the Chairman, which in line with best practice will include an independent lay member, will prepare a shortlist of candidates. Neither the Director nor any other staff member will take part in any decision on the appointment of a Board member, though they may be called on for advice or guidance. The decision on whom to appoint will be a matter for the full Board following a recommendation from the sub-Committee, including the lay member.
- 2.1.5 Shortlisted candidates will normally be given a presentation on ICSTIS by the Executive and will have an opportunity to ask questions about ICSTIS and its work. This will include an explanation of the Code of Conduct and declaration requirements. They will be interviewed by the sub-Committee, who will put forward a nomination to the Board for endorsement.
- 2.1.6 The Chairman of Ofcom and the relevant DTI Minister will be advised as to the proposed appointment.
- 2.1.7 The appointment to the Board will be made formally by the Chairman and as a Director of ICSTIS Ltd by the Board of that company.
- 2.1.8 In respect of a vacancy for the Chairman, the Board will agree, at the time of the recruitment of a new Chairman, the detailed process to be followed which will broadly follow the above arrangements. The Board will appoint a sub-Committee to handle the appointment. Ofcom will be consulted on the appointment of the Chairman. In respect of the appointment of a Deputy Chairman, such a person will be selected from amongst serving Board members and the appointment will be determined by a simple majority vote of the members of the Board. Members seeking selection shall not vote and the Chairman shall have a casting vote. The Deputy Chairman's term of office runs concurrently with their general terms of office set out below.

2.2 Terms of Office

- 2.2.1 The term of office for a Board member is usually three years but this may be varied where it benefits the overall continuity of membership going forward.

- 2.2.2 While there is provision for Board members to be re-appointed by the Chairman for a second (and final) term (usually of three years unless some different period would benefit the overall continuity of the Board), reappointment is not automatic and will be decided by the Chairman.
- 2.2.3 There is provision for the Chairman to be re-appointed for a second and final term (usually of three years unless some different period would benefit the overall continuity of the Board) also. The decision to do this is a matter for the full Board and their decision will be notified to Ofcom.

2.3 Induction and Training

- 2.3.1 ICSTIS is committed to the training and development of its members to enable them to carry out their role efficiently and effectively.
- 2.3.2 All new members of the Board will complete a training and induction programme developed by the Director and Executive to suit individual needs. This will include familiarisation with the Executive's role and work and visits to premium rate service providers and other relevant stakeholders both from within and outside industry.
- 2.3.3 A mentor will be assigned to all new members of the Board for the first four months of their appointment.
- 2.3.4 All relevant Board members will receive judicial training in the principles and practice of adjudication.
- 2.3.5 Training which may be required to enable a Board member to undertake a specific and designated responsibility will be provided (for example media training).
- 2.3.6 Specific training needs identified as a result of a performance review or otherwise (see para 2.4) will be assessed and met.

2.4 Performance Reviews

- 2.4.1 The performance of a new Board member will normally be reviewed by the Chairman by way of a discussion with the member after three months and annually thereafter.
- 2.4.2 If performance reviews lead the Chairman to conclude that a Board member's performance is unsatisfactory, the member may be asked to resign. If the member is unwilling to do so, his or her continuation in office shall be a matter for the Board.
- 2.4.3 The performance review of the Chairman shall be undertaken collectively by the Board members on an annual basis. If the performance review leads the Board to agree that the Chairman's performance is unsatisfactory, the Chairman may be asked to resign. The Board will notify Ofcom of this before making any public announcement about the Chairman's resignation.

Section 3 PAY AND EXPENSES

3.1 Pay

3.1.1 There are two elements to Board members' pay:

- a a fixed amount for attendance at Board meetings and Complaints Panels, and other regular meetings. With the exception of the Complaints Panel meetings, the fixed fee for attendance also includes an allowance for preparation time.
- b A standard hourly rate for all ad hoc attendance and preparation for one off meetings and related ICSTIS work.

The current rates and fixed fees are notified to all Board members as and when they change each year. Travel time to and from meetings is not payable except for meetings held outside London, when Board members may claim travel from leaving/returning to their home or office and time spent in meetings.

3.1.2 The Executive will automatically credit members with the first element in their pay as defined above - that is, attendance at Board meetings and Complaints Panels (and submission of Complaints reports) and any other meetings for which there is a fixed fee.

3.1.3 Claims for other additional hours worked must be submitted on a monthly timesheet, copies of which are available from the Executive.

3.1.4 Pay rates are normally adjusted annually in line with any change in the Retail Prices Index but this is not invariable. Details of the rates, along with detailed procedural matters about how claims are to be made, will be circulated to Board members by memo annually.

3.1.5 Board members (other than the Chairman) are not eligible to join the ICSTIS pension scheme and no pension scheme contributions are payable.

3.2 Expenses

3.2.1 For rail journeys on ICSTIS business, standard class tickets will be provided or paid for. The Chairman may travel first class on rail journeys. Taxi fares incurred while on ICSTIS business and to and from Board and other meetings (from within the London area), as well as any public transport fares, should be reclaimed. Air travel, when it has been agreed, may also be claimed unless organised by the Executive, which it normally will be. This will always be booked standard class unless it is a long-haul journey, in which case business class or premium economy will be provided.

3.2.2 When car travel is necessary, there is a maximum amount that may be received without paying tax. This is called an Approved Mileage Allowance Payment (AMAP) and is calculated by using approved mileage rates.

3.2.3 Claims for expenses should be submitted on a monthly expenses sheet, copies of which are available from the Executive.

3.2.4 The Executive submits an annual P11D return to the Inland Revenue for each Board member, stating the amount paid in expenses covering travel from the

Board member's home or office to and from ICSTIS. Board members may be liable to pay income tax on these amounts.

3.3 External Validation of Pay and Expenses

Board members' pay and expenses allowances are validated externally through the annual budget setting process which includes arrangements by which the budget is agreed through consultation and approved by Ofcom.

Section 4 CODE OF CONDUCT

4.1 Principles

4.1 This Code sets out the standard of conduct expected of all Board members with the aim of maintaining the highest levels of integrity, impartiality and objectivity and of promoting the effectiveness with which they perform their role. These standards follow the Standards in Public Life referred to in para 1.8 and Appendix E. The Code is designed to help members identify for themselves any possible conflicts of interest which may arise and to be aware of the appropriate action they should take. Board members are expected to commit themselves to the spirit of the Code as well as to its specific provisions and will be asked to sign an undertaking that they will comply with it (Appendix A). This undertaking will be countersigned by the Chairman and retained by the Company Secretary.

4.2 Overriding General Duty

4.2.1 The overriding duty of a Board Member is to act in the best interests of ICSTIS as a whole, and not in any sectional or personal interest.

4.2.2 A conflict of interest arises where an individual with a responsibility to act as an impartial Board member may be affected, or may be *perceived* by an independent observer to be affected, in that action by a personal interest or association. Such a conflict may involve a direct or indirect financial interest but may also be non-financial - for example a present or past business or personal association or relationship.

4.2.3 A Board member is required to disclose direct or indirect financial interests which might give rise to a conflict of interest relating to his or her ICSTIS duties. Disclosure is also required of any non-financial interest (such as kinship or a past, present or prospective business relationship) which might influence his or her judgement as a Board member.

4.2.4 Board members must declare their relevant interests in issues to be discussed at formal meetings of the Board. The interest should be declared in advance of the meeting, and again prior to discussion of the relevant agenda item at the meeting usually under the standing declaration agenda item at the start of the meeting. After members have fully explained the nature of their interests the Chairman, or the Board collectively such as in the case of a declaration from the Chairman, will decide whether and to what extent the member should participate in the discussion and determination of the issue. If it is decided that the member should leave the meeting, the Chairman, or the Board collectively such as in the case of a declaration from the Chairman, may first allow them to make a statement on the item under discussion. Where the Chairman has a relevant interest and leaves the meeting, another non-industry Board member, usually the Deputy Chairman, will chair the discussion of the relevant agenda item.

4.3 Standing Declaration of Interest

4.3.1 Within one month of appointment, or on the adoption of this Code of Conduct for existing members, each Board member is required to complete a Standing Declaration of Interest (Appendix F). If there are material changes to the declaration then a new one should be completed. Also, all Board members will be asked to complete a new declaration annually.

- 4.3.2 This declaration should list any relevant material financial interest, including investments, contracts and consultancies, held either personally, as a trustee or as effective controller of a company (whether or not this is achieved by a majority interest).
- 4.3.3 This declaration should also cover the relevant financial interests of the Board member's close family members³. It should also cover any relevant non-financial interests or connections. Any changes in these interests must also be declared as and when they occur. Declarations will be re-sought and reviewed annually and the results of the review recorded.
- 4.3.4 In respect of the standing declarations of the Chairman, the same procedures as those for other Board members will be followed. The declarations will be reviewed by another Board member nominated jointly by the Director and the Company Secretary of ICSTIS Ltd.
- 4.3.5 In this context "relevant" includes, but is not necessarily limited to, all aspects of the communications and related industries. In doubtful or borderline cases, Board members should disclose their interest.
- 4.3.6 What is "material" is any interest which could reasonably be perceived as sufficient to place a Board member in the position of having a potential conflict of interest. In doubtful or borderline cases, Board members should disclose.
- 4.3.7 Should any doubt arise, the Chairman will consider what guidance should be given to the member concerned, or what other action, if any, should be taken. If the member refuses to accept the Chairman's guidance, the Chairman may disclose to the Board that a doubt has arisen and that the member has refused to accept the Chairman's guidance. The issue will then be a matter for the Board as a whole.
- 4.3.8 Any independent, non-industry member who acquires a direct premium rate services interest or whose close family member acquires such an interest must resign unless the Board specifically resolves to the contrary and where to do so did not mean that more than 33% of members had industry interests.
- 4.3.9 All standing declarations should be sent to the Chairman in a sealed envelope marked confidential and personal to the recipient. The Chairman will consider the declaration, then pass it to the Director and Company Secretary, who will consider it. The Chairman, Director and Company Secretary will each initial and date the declaration to show that they were cognisant of its content. The Company Secretary will keep a file of all the declarations.
- 4.3.10 The content of standing declarations of interest is made publicly available through the ICSTIS website.

4.4 Specific Disclosure of Conflict of Interest

- 4.4.1 In addition to a standing declaration of interest, disclosure must be made on any occasion when a possible conflict of interest arises. The Board member concerned should normally declare to the Chairman that there is a possible conflict, including the details of what it is and withdraw from any meeting (or other process, such as a Complaints Report) in which it may become material without taking part in decision-making.

³ As defined in Appendix B

- 4.4.2 In exceptional cases where disclosure of the nature of the possible conflict of interest might involve a breach of other duties (of confidentiality, for example), the member may withdraw from consideration of the matter without specifying the nature of the possible conflict of interest.
- 4.4.3 Where a possible conflict of interest can be anticipated, the Board member should exclude himself or herself from distribution of documents or attendance at the meeting for the agenda item concerned.
- 4.4.4 Industry members need not declare a possible conflict of interest or exclude themselves from the distribution of documents or attendance at a meeting where that possible conflict arises only by reason of an interest already disclosed as part of that members standing declaration of interest and the possible conflict is readily apparent from that declaration. Industry members must be particularly alert to the possibility of conflicts of interest arising and in cases of any doubt should disclose the possible conflict of interest. To this end all Board meetings will commence with a "standing declarations" agenda item where any member can record any meeting agenda items where they have a standing or specific conflict which may have been already registered or previously raised with the Chairman.

4.5 Confidential Information and Insider Dealing

- 4.5.1 Board members must avoid any breach of trust involved in the disclosure of confidential information to the media or the public, or the use of confidential information to their own financial or other advantage.
- 4.5.2 Board members must not acquire or dispose of investments if they have acquired any information relevant to such investments through their membership of ICSTIS if such information is unpublished price-sensitive information.
- 4.5.3 Price-sensitive information means any specific information which would be liable to affect the price of a company's security. Price-sensitive information includes but is not necessarily limited to:
 - a any proposed take-over or merger
 - b any potential company insolvency
 - c unpublished information as to company profits or losses
 - d any unannounced decision by a company in relation to dividend payments
 - e any unannounced decision by a company about changes to the price levels or structures of its services
 - f any unannounced decisions by a company to enter a new market or leave an existing market
 - g any relevant ICSTIS investigation or impending sanction.
- 4.5.4 In case of doubt, unpublished and confidential information should be treated as being price-sensitive.
- 4.5.5 These provisions on confidential information and insider dealing continue to apply without time limit after a Board member's appointment to ICSTIS has finished.
- 4.5.6 Industry members must be particularly vigilant to ensure that they comply with these provisions.

4.6 Gifts and Hospitality

- 4.6.1 To avoid the possibility that the integrity or objectivity of Board members may be put at risk, or be considered at risk, the offer or receipt of any relevant personal gift or hospitality from a member of the premium rate services industry must be reported to the Chairman if its monetary value is greater than £25 (Appendix C). Members should not accept or offer a gift, hospitality or some other benefit as a reward, either for doing or not doing something in their capacity as a Board member, or for showing advantage to someone or to an organisation. Gifts of cash should always be refused.
- 4.6.2 If a Board member is aware in advance of the possibility that a gift or hospitality worth more than £50 may be offered, clearance should be obtained from the Chairman.
- 4.6.3 The Company Secretary will keep a register of all reported gifts and hospitality, as notified by the Chairman.
- 4.6.4 Isolated gifts of a trivial nature or minor seasonal items such as calendars or diaries may be accepted. Offers of conventional hospitality (such as a working lunch, working dinner or refreshments during meetings) may be accepted from individuals and organisations external to ICSTIS where it is normal and reasonable in the circumstances. However, such hospitality, where accepted, must be registered if its nominal value exceeds the limit in para 4.6.1 above.

4.7 Handling Confidential Information

- 4.7.1 Members should treat all papers provided to them by ICSTIS as confidential unless otherwise advised and unless the documents are known to be in the public domain and/or published on the ICSTIS website. Members should not discuss the content of Committee and other papers with others outside ICSTIS. Members must undertake to store and dispose of papers in the securest possible way and either arrange for them to be destroyed through secure means at ICSTIS' offices or ensure that they are securely destroyed by other equivalent means.

4.8 Public Speaking and the Media

- 4.8.1 Members should not speak on a public platform or to the media and present themselves as an ICSTIS Board member unless and until this has been agreed by the Chairman or the Director. Where members are speaking on public platforms in other capacities, they should take all reasonable care to ensure that there would be no possibility that their comments could be seen to be attributed to ICSTIS and/or be perceived to represent an ICSTIS view point.

4.9 Failure to observe the Code of Conduct

- 4.9.1 Members failing to perform the duties required of them in line with the general standards expected in public life or the specific provisions of this Code, or being unfit to perform these duties, will be judged as failing to carry out the duties of their office. Such failure may result in their removal from office. This will be a decision of the Chairman (in consultation with the Board).

Appendix A

UNDERTAKING

To the Chairman

ICSTIS

I,....., a Board member of ICSTIS Ltd, hereby confirm that I have read the Code of Conduct and undertake to comply with the letter and spirit of its provisions.

Signed

Dated

Appendix B

STANDING DECLARATION OF INTEREST GUIDANCE

This Appendix provides guidance on the kinds of interests that should be declared. Interests are categorised as personal (interests from which Members derive a direct benefit or in which they are personally involved), or non-personal (rewards or payments which benefit an organisation for which the member is responsible, by which the member is employed, or from which he or she benefits financially, but which is not received personally by the member).

For the purposes of the guidance below, 'industry' is taken to mean any organisation or individual involved, for profit or not, with the connectivity, advertising, promotion, or production of content for PRS. Other 'relevant bodies' are taken to mean organisations with a specific interest in PRS issues as defined above, such as trade bodies. Where members are uncertain as to whether an interest should be declared they should seek further guidance from the Company Secretary or, where it may concern a particular issue to be considered at a meeting, from the Chairman of that meeting.

If members have interests not specified in these notes but which they believe could be regarded as influencing their advice they should declare them. This could include close personal friendships. Members should make reasonable enquiries to determine links of which they might be expected to be aware, for example, either through the interests of close family members or links of direct ownership between one company and another. For the purposes of this Code, 'close family members' is taken to mean spouses, partners, parents, children, brothers, and sisters.

Categories of Personal Interests include but are not necessarily limited to:

- **Consultancies and/or direct employment:**

Any consultancy, other employment, partnership, directorship or position in or work for an industry body or other relevant bodies which attracts regular or occasional payments in cash, recognition in any other form, or from which any other benefit is derived

- **Fee-paid Work:**

Any commissioned work for an industry or other relevant body for which the member is paid in cash or kind

- **Shareholdings:**

Any shareholding or other beneficial interest in industry shares. This does not include shareholdings through unit trusts or similar arrangements where the member has no influence on financial management of the shares.

- **Clubs and other organisations**

Any membership, role or affiliation to clubs or organizations such as a trade body with an interest or involvement in the work of ICSTIS.

Categories of non-Personal Interests include but are not necessarily limited to:

- **Fellowships:**

The holding of a fellowship endowed by industry or other relevant body

- **Support by industry or other relevant bodies:**

Any payment, other form of support or sponsorship which benefits an organisation in which he or she has an interest, for example, a grant or sponsorship of a post or programme, or payment for research or advice

- **Trusteeships:**

Any investment in industry held by a charity of which a member is a trustee.

Appendix C

GIFTS AND HOSPITALITY

In accordance with para 4.6 of the Handbook, Board members are required to complete this form where they accept a gift or hospitality where the value is deemed to exceed £25.

To the Chairman

ICSTIS

I,....., a Member of ICSTIS Ltd, hereby confirm that I have

been offered [delete as necessary]

received [delete as necessary]

the following gift or hospitality having a monetary value greater than £25:

.....
.....

from the following member of the premium rate industry or organisation with an interest in premium rate services:

Name:.....

Company:.....

Date of receipt of gift or hospitality.....

Signed

Date

Appendix D

DUTIES OF COMPANY DIRECTORS

1. INTRODUCTION

1.1 Duties and Powers of Directors

The law does not provide a single coherent code of conduct for directors. There is no statutory definition of a director's duties. Provisions as to a director's general qualifications, duties and responsibilities can be found in Part IX of the Companies Act 1985. Other more specific duties are imposed on directors elsewhere in the Companies Act and in other associated legislation. In addition, the courts have considered different aspects of a director's functions. The various Heads of Duties which have been developed by case law are summarised below in Section 2. Statutory provisions are outlined in Sections 3 and 4.

Similarly, there is no statutory definition of a director's powers. A company has powers given to it by law and by its Memorandum. The exercise of these powers is allocated by its Articles of Association. A director, therefore, may operate only according to the rules contained in the Articles and within the powers of the company.

1.2 Non-Executive Directors

All directors, executive and non-executive, *prima facie* owe the same duties to the company. They have a legal duty to act in good faith in the interests of the company as a whole. Executive directors (of whom there are none at present on the board of ICSTIS Ltd) will in addition owe special duties arising out of their contracts of employment. Other than through their directorship, non-executive directors should have no contractual relationship with the company. Their role is to help the board pay proper attention to long-term strategic direction.

The independence of non-executive directors has three particular contributions to make:

- to widen the horizons within which the Board determines strategy,
- to take responsibility for monitoring management performance, and
- to ensure that the Board has adequate systems to safeguard the interests of the company where these may conflict with the personal interests of individual directors (for example, the Code of Conduct for ICSTIS Board members).

2. FIDUCIARY DUTIES

2.1 Directors are in a position of trust within the company and, as such, they owe certain fiduciary duties to the company. These can be summarised as follows.

2.1.1 Conflict of Interest

A director must not put himself or herself in a position where the interests of the company conflict with the director's personal interest or duty to a third party. Note that a director will not commit a breach merely by getting into a position of potential conflict - thus a person may be a director of more than one company, even if they are in competition - but it is better to avoid the possibility of such conflict. It is also permissible for a director to promote his or her own interests or those of anyone else where to do so is in the company's interests.

2.1.2 Not to make a Secret Profit

A director must not make a profit out of his or her position as a director unless the company permits this. In relation to company property, the director is in a similar position to trustees. Company property includes money, tangible assets and also confidential information such as trade secrets and details of business opportunities. If any company property is misapplied, the directors are answerable as trustees. The Articles should provide specifically for remuneration of directors and for the situations where they are allowed to be interested in contracts with their companies and to keep profits.

2.1.3 Acting in Good Faith

A director must act in good faith in the interests of the company. The directors should not exceed the powers they have been given by the Articles and should use the powers for the purpose for which they have been given and not for some unauthorised reason.

2.1.4 Duty of Skill and Care

The standard of *skill* is judged on a subjective basis. Directors are required to exercise the degree of competence which could reasonably be expected from someone with their degree of knowledge and experience. The standard of *care* is judged on an objective basis. Directors are required to exercise the degree of care which a reasonable person would exercise on his or her own behalf.

2.2 Breach of Fiduciary Duty

If a director is in breach of his or her fiduciary duty, the company may seek to invalidate the actions in question of the director. It can also attempt to recover a loss from the director or prevent a director's unjust enrichment.

3. STATUTORY DUTIES EXTENDING OR MODIFYING FIDUCIARY DUTIES

3.1 Substantial Property Transactions (Section 320 Companies Act 1985)

If a director in his or her personal capacity is buying something from or selling something to the company, the prior consent of the members by ordinary resolution is needed if the asset being bought or sold is of the “requisite value”. Any such transaction would be classed as a “substantial property transaction”. Assets of value below £2,000 are not of requisite value. All transactions over £100,000 in value are of requisite value. Any assets of value between these limits will be of requisite value if they are equivalent to more than 10% of the company’s net relevant assets. This provision includes other dealings with non-cash assets, for example the charging or leasing of an asset.

3.2 Payments for Loss of Office

Payment made to a director by way of compensation for loss of office must be disclosed to members and approved by them.

3.3 Disclosure of Personal Interest (Section 317 Companies Act 1985)

A director must disclose at a meeting of the directors any direct or indirect interest in a contract or proposed contract with the company, notwithstanding that a company’s Articles permit directors to have such an interest.

3.4 Service Contracts (Section 319 Companies Act 1985)

Any contract given by a director for more than five years’ service must be approved by ordinary resolution of the company, failing which it is void.

3.5 Directors’ Loans (Section 330 Companies Act 1985)

There are detailed provisions which restrict the ability of directors, and in certain cases persons connected with the directors, from taking loans or similar arrangements from the company. However, small amounts of money can be lent (under £5,000) and there are other exceptions.

3.6 Interests of Employees (Section 309 Companies Act 1985)

A positive obligation is imposed on directors to have regard to the interests of employees of the company. However, employees have no right to enforce this obligation.

4 STATUTORY DUTIES RELATING TO DISCLOSURE, REPORTING AND ACCOUNTING

A non-exhaustive list includes the following.

- 4.1 The terms of directors' service contracts must be available for inspection at the Registered Office. This does not apply to contracts capable of lawful termination within twelve months.
- 4.2 Full accounts are to be produced each year and sent to all members within ten months of the accounting reference date. There are detailed requirements for the content and format of these annual accounts in Companies Act 1985. The accounts and an annual return must be submitted to the Registrar of Companies within 28 days after the due return date.
- 4.3 Notification of appointment and retirement of directors must be submitted to the Registrar of Companies.

A Register of Directors must be kept at the Registered Office. This must contain the following details about each director:

- name
 - address
 - business/occupation
 - date of birth
 - nationality
 - details of other directorships.
- 4.5 The company's notepaper must contain either the names of all directors or none of them. There are further requirements for business letters and documents in Sections 349 and 351 Companies Act 1985.

Appendix E

Standards In Public Life

THE SEVEN PRINCIPLES OF PUBLIC LIFE

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

Leadership

Holders of public office should promote and support these principles by leadership and example.

The Government endorses these Seven Principles of Public Life in "Spending Public Money: Governance and Audit Issues", Cm3179, March 1996

Appendix F

REGISTER OF ICSTIS MEMBER'S INTEREST

NAME: _____

Personal Interests:	Details:
Consultancies and/or direct employment: Any consultancy, other employment, partnership, directorship or position in work for an industry or other relevant body held by you or a close family member and which attracts regular or occasional payments in cash, recognition in any other form, or other benefit.	
Fee paid work: Any commissioned or fee paid work for which you or a close family member are paid in cash or kind by an industry or other relevant body.	
Shareholdings: Any shareholding or other beneficial interest in industry shares that you or a close family member have (this does not include shareholdings through Unit Trusts or similar arrangements where you have no influence on financial management of shares).	
Clubs, trade bodies and other organisations: Any membership role or affiliation that you or a close family member has to clubs or organisations with an interest or involvement in the work of ICSTIS.	

Non-Personal Interests:	
Fellowships: Any fellowship that you or a close family member holds and which is endowed by an industry or other relevant body.	
Indirect support: Any payment or other form of support or sponsorship from industry or other relevant body that benefits an organisation in which you or a close family member has an interest (for example, a grant or sponsorship of an academic post).	
Trusteeships: Any investment in industry held by a charity for which you or a close family member is a trustee.	
Land and property: Any land or property in which you or a close family member have a direct interest and is clearly within ICSTIS' sphere of activities.	
Other public appointments: Membership by you or a close family member of local authorities, health authorities/trusts, and other relevant voluntary sector bodies	
Other non-personal interest:	

Note: 'industry' is taken to mean any organisation or individual involved, for profit or not, with the connectivity, advertising, promotion or production of content for PRS. Other 'relevant bodies' are taken to mean organisations with a specific interest in PRS issues as defined above, such as trade bodies. 'Close family member' is taken to mean personal partners, parents, children, brothers and sisters. Where members are uncertain as to whether an interest should be declared they should seek further guidance from the Executive.

Signed: _____

Date: _____