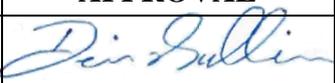


GNI REGULATORY CODE OF CONDUCT

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1.0 INTRODUCTION

Gas Networks Ireland (GNI) and GNI (UK) Limited (“GNI (UK)”) are licensed by the Commission for Regulation of Utilities (CRU) in the Republic of Ireland, by the Utility Regulator (UR) in Northern Ireland and by Ofgem in the UK. These licences require that GNI and GNI (UK) establish full managerial and operational independence of the regulated business units from each other.

The licences held by GNI and GNI (UK) can be found on the following links:

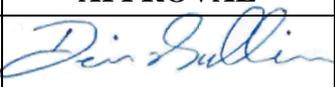
Regulatory Authority	Type	Licence
CRU	Distribution GNI	Distribution System Operator Licence Distribution System Owner Licence
	Transmission GNI	Transmission System Operator Licence Transmission System Owner Licence
	Transmission GNI (UK)	GNI (UK) South-North Pipeline Transmission Licence
Ofgem	Interconnector GNI (UK)	Interconnector Licence <i>Note: Standard conditions 10 & 11 not in effect. They are suspended from operation in this licence</i>
	Interconnector GNI	Interconnector Licence <i>Note: Standard conditions 10 & 11 not in effect. They are suspended from operation in this licence</i>
UR	Transmission	Gas Conveyance Licence for GNI (UK) Ltd.

Interim Provisions

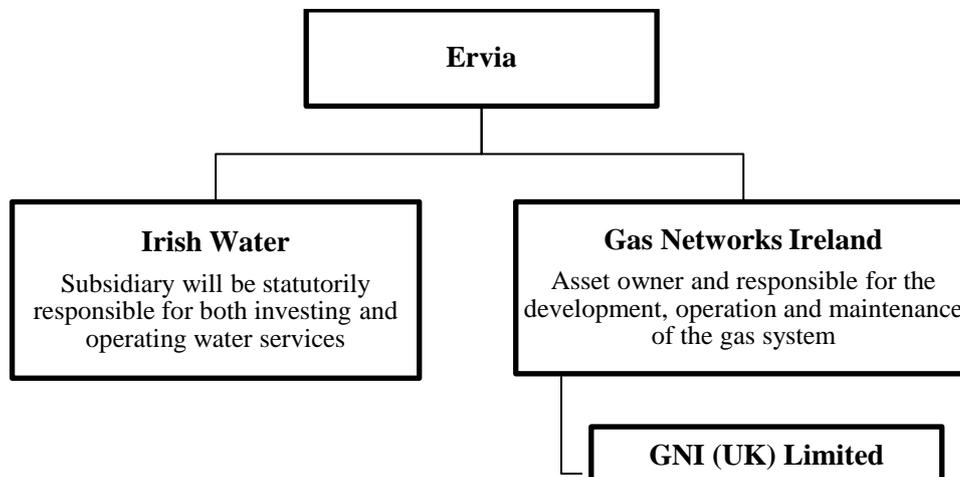
The CRU is currently consolidating GNI’s two Transmission Licences (GNI Owner Licence and Operator Licence) and GNI’s two Distribution Licences held by GNI (GNI Owner Licence and Operator Licence). Once these consolidated gas licences are put in place to reflect the new business structure, a full review of the requirements for the Regulatory Code of Conduct will be completed.

The existing licences require business separation. However, following the sale of the Energy business, the extent of the separation requirements has significantly reduced. In regulatory terms, the primary¹ business units of Ervia are now as follows:

Excludes Gas Networks Ireland (IOM)

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GNI/PD/75



The regulatory objective of business separation is to prevent the potential of GNI favouring its own business units or cross subsidising between business units. The various licences place requirements on GNI to ensure the separation of business units. GNI has reached agreement with the CRU on the implementation of these requirements in a way that achieves the regulatory objective, is cost effective and allows GNI to be organised in an optimal manner.

The three Regulatory Authorities certified GNI and GNI (UK) respectively as Fully Ownership Unbundled (FOU) in accordance with the Third Directive in 2016. A number of ongoing obligations have been placed on GNI and GNI (UK) by the Regulatory Authorities as a result of FOU. In order to maintain FOU compliance for both GNI and GNI (UK) the following regulatory obligations must be adhered to:

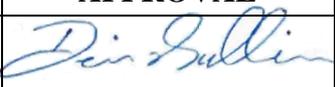
- there can be no electricity generation, electricity supply, gas production or gas supply activities within the Ervia group of companies; and
- no person that can exercise control of Gas Networks Ireland and its subsidiaries (Directors) can exercise control over an undertaking performing any of the functions of production or supply.

2.0 PURPOSE

The purpose of this Regulatory Code of Conduct (the “Code”) is to provide guidance to staff and ensure compliance with the business separation requirements contained in the natural gas licences held by GNI and GNI (UK). The Code sets out the principles of compliance which staff must comply with.

3.0 SCOPE

This Code applies to all GNI staff and contractors working for, or on behalf of, GNI and GNI (UK).

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4.0 CODE OF CONDUCT

GNI is responsible for ensuring compliance with its regulatory conditions. Management in the business units in GNI are charged with implementing compliance arrangements with the support of GNI Regulatory Compliance Officer (Head of GNI Regulatory Affairs). All requirements contained in this Code must be implemented with appropriate processes and procedures within each business unit.

Breaches of this Code may have serious consequences for GNI and GNI (UK) in terms of our reputation for business integrity and the future regulation of the business. Deliberate breaches of this Code will be handled in line with existing disciplinary procedures.

Failure to adhere to regulatory conditions may result in an investigation by the relevant Regulator, compliance orders, fines of up to 10% of annual turnover of the licensee, revocation of the licences and prosecution. A failure by GNI to comply with the standards of performance set out in its licences may also amount to “improper conduct” for the purpose of the administrative sanctions regime set out in the amendments made to the Electricity Act 1999 by the Energy Act 2016; which may result in the imposition of a “minor sanction” or a “major sanction” by the CRU. A “minor sanction” being the issuance of advice, a caution, a warning or a reprimand, or any combination of the above. A “major sanction” being a direction that GNI pay the CRU up to €50,000 towards the cost of any investigation, a direction that GNI pay a financial penalty, not exceeding 10% of its turnover or any combination of the two. Where licences issued to GNI and GNI (UK) by a Regulator are amended from time to time, such amendments will be communicated to GNI staff, as appropriate.

4.1 Non-discrimination

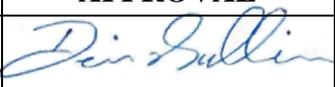
GNI’s licences require that GNI may not discriminate unfairly between customers or between suppliers.

For GNI staff this means that:

- you must provide the same level of service to customers of the same category;
- you may not discriminate between customers on the basis of the supplier; and
- you should direct customers seeking a new supplier to the list of active suppliers on the CRU website.

4.2 Restrictions on Information

The various licences require that no information related to, or derived from, one business unit is disclosed for the benefit of, or used by any other business unit except under certain circumstances. The general regulatory requirement is that confidential or commercially sensitive information must not flow from GNI to other business units (including Irish Water) except by way of agreed industry procedures. In this regulatory context, commercially sensitive information is defined as any

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information, the disclosure of which would materially prejudice the interest of another entity. Examples of commercially sensitive information include:

- information relating to the customers;
- information relating to the activities of suppliers;
- natural gas consumption information;
- any details of new or proposed network development that is not in the public domain; and
- any Networks information that could provide a supplier or shipper with an unfair competitive advantage.

Persons may be authorised to access or receive commercially sensitive information provided they:

- require accesses to the information for the proper and appropriate performance of their duties;
- undertake to maintain the confidentiality of the information; and
- undertake that the information will not be used to provide an unfair advantage to another business unit.

In certain circumstances, GNI may have particularly sensitive information, which it may wish to restrict from shared services and/or Ervia.

In order to ensure that information is not released or used inappropriately:

- you should only release commercially sensitive information to authorised persons; and
- if you are unsure whether information is commercially sensitive, or whether the requester is authorised, consult your line manager.

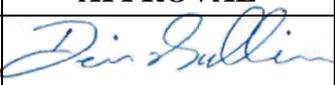
Full details of the procedures in relation to information handling that apply are contained in Ervia's PD 64 Data Protection Policy

4.3 Separation of IT Systems

In order to ensure that information does not flow inappropriately between business units, the licences require that Ervia place restrictions on the use of and access to information systems. Access to the various systems is controlled to allow staff to use the necessary systems to undertake their duties.

- you must not attempt to bypass password protections or gain unauthorised access to restricted systems
- you must not share system passwords with others

Full details of the procedures you must adhere are in Ervia's PD82 Acceptable Usage Policy and PD69 Information Security Policy.

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4.4 Staff Transfers

The new regulatory structure does not impose restrictions on staff transfers. With the agreement of the CRU, GNI has implemented procedures which protect the regulatory concerns while facilitating staff transfers.

If you are moving from one business unit to another, certain procedures contained within Ervia's PD 71 the Movers/Leavers/Joiners Policy will have to be observed. The main elements of the procedures relate to restrictions on bringing information to the new position, revision of your IT and office access and the potential imposition of a quarantine period.

Full details of the procedures to apply are contained in the Mover/Leaver/Joiner Policy – PD 71.

4.5 Prohibition of Cross-Subsidies

GNI must not engage in any cross-subsidisation to or from any other business or part of the business of the respective Ervia businesses.

4.6 Anti-Competitive Behaviour

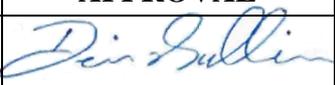
Ervia must not engage in any anti-competitive behaviour (e.g. enter into any anti-competitive agreement or abuse any position of dominance).

Full details of the procedures in relation to anti-competitive behaviour that apply are contained in Ervia's PD 79 Competition Code of Conduct.

5.0 COMPLIANCE OFFICER

In accordance with the provisions of the CRU licences a Compliance Officer is appointed by the Board of GNI. The role of the Compliance Officer is as follows:

- providing relevant advice and information to GNI for the purpose of ensuring its compliance with the relevant duties;
- recommending and establishing practices, procedures and systems to ensure GNI's compliance with the relevant duties;
- monitoring the effectiveness of the practices, procedures and systems adopted by GNI to ensure its compliance with the relevant duties;
- investigating any complaint or representation made available to the Compliance Officer;
- recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
- providing relevant advice and information to GNI for the purpose of ensuring its effective implementation of:

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- the practices, procedures and systems adopted by GNI to ensure its compliance with the relevant duties; and
- reporting annually to the board of directors of GNI in respect of each year after this condition comes into force as to the Compliance Officer's activities and GNI's compliance with the relevant duties during the period covered by the report.

6.0 RAISING CONCERNS

In urgent or sensitive situations where confidential advice is required by an Employee or where concerns arise which cannot be appropriately addressed through normal channels these should be directed to the line manager, where appropriate. However, if an Employee feels that this is not appropriate, concerns can be raised directly to the Compliance Officer. If neither of these options is appropriate or if an Employee does not wish to raise a concern directly to any particular person, then an Employee can email compliance@gasnetworks.ie. Details of the communication options are outlined below. In circumstances regarding possible financial improprieties, concerns can alternatively be directed to the Chairman of the Audit and Risk Committee at the email address provided below. The following are the contact details for raising concerns under this Policy:-

[Redacted contact details]

Regulatory and European Affairs Team

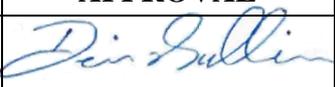
Email: compliance@gasnetworks.ie

Chairman of the Audit and Risk Committee

Email: auditandriskchairman@ervia.ie

7.0 REVISION

This policy will be revised annually or when there has been a change in the licences held by GNI and GNI (UK).

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