

Gas Networks Ireland (“GNI”) Governance Framework

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1. Matters Reserved to the Board of GNI

1. Approval of Annual Budgets, Business Plans, long-term Strategic Plan.
2. Approval of the GNI Annual Reports and Financial Statements.
3. Approval of Regulatory Financial Statements.
4. Approval of all contracts/expenditure with a value in excess of €10m.
5. Approval of all Consultancy Contracts in excess of €1m.
6. Without prejudice to the delegations contained at section 2.1, the approval of all expenditure in relation to investments and capital projects, approval of major contract terms and associated products required by the Public Spending Code.
7. Without prejudice to the delegations contained at section 2.2, the approval of all capital programmes and associated products required by the Public Spending Code.
8. All approvals in respect of capital projects or capital programmes shall be reviewed and recommended for approval first by the Investment and Infrastructure Committee.
9. Without prejudice to the delegations contained at section 2.3, the approval of all operational expenditure and associated products required by the Public Spending Code.
10. Award of all Framework Agreements where the total spend is in excess of €10m and of all Framework Agreements for Legal Services, PR/Marketing Consulting Services, Pension Advisory Services, Internal Audit and Risk Management Services and Insurance Broking Services.
11. Purchase of insurance broking services.
12. Approval of unbudgeted expenditure or over-expenditure (exceeding 10% or €5m) in respect of any transaction or series of transactions originally approved by the Board or by the Board of a former parent company of GNI other than resolution of third-party claims on a matter previously approved by such Board.
13. Approval for contract variations (including framework agreements) exceeding 5% of the contract value (including contingencies) or a maximum of €1 million before expenditure is incurred.
14. Affixing the seal of the company, provided that where a contract is approved in accordance with the delegations of authority set out in section 2 and PD03, the document may be sealed in accordance with the delegation of authority contained in PD03 and notified to the Board at its next meeting.
15. Approval of pay agreements.
16. Significant amendments to GNI Pension Schemes.
17. Appointment / removal of auditors, on recommendation of the Audit & Risk Committee.
18. Establishment of subsidiaries.

19. Establishment of joint ventures.
20. Acquisition of interests in non-group companies.
21. Issue of securities in GNI or in any subsidiary.
22. The appointment of directors to subsidiary companies, if Ministerial Consent is required. Note: Subsidiary company directors who are also GNI staff members are not entitled to receive any remuneration in their capacity as such.
23. Treasury Matters:
 - 23.1 PD40 - Treasury Policy – outlines Board reserved items and delegated authorities for all treasury / banking matters including Derivatives. (See summary of delegated authorities in section 3.)
 - 23.2 Banking documentation requiring a GNI board resolution.
24. Approval of any loan to, or financial transaction with, a member of the GNI Board, of a subsidiary company board, of an associated company board or a person (including a body corporate) connected to such Board member, or an employee of the organisation.
25. Initiation or settlement of any litigation which could have a significant reputational impact on GNI or have a material financial impact (€10m) on the organisation.
26. Appointment, remuneration, assessment of performance of, and succession planning for, the Chief Executive, on recommendation from the Remuneration Committee.
27. Terms of Senior Management (direct reports to the Chief Executive Officer) and Senior Management remuneration, both on recommendation from the Remuneration Committee.
28. Appointment and removal of the Company Secretary.
29. Material changes to Code of Business Conduct.
30. Approval of Commercial Property Transactions (including by lease or licence) with a value in excess of €500,000.
31. Approval of any disposal of assets or the granting of access to property or infrastructure for commercial arrangements, e.g. joint ventures with third parties, in each case where the value exceeds €150,000, and *other than* by auction or competitive tendering process where the highest bid is accepted.
32. Formal submissions to the regulatory authorities in relation to price control.
33. Review of/changes to systems of internal financial and other controls, on the recommendation of the Audit and Risk Committee.
34. Review and adoption of GNI's Risk Management Policy.
35. Convening an AGM and EGM.
36. Declaration and payment of a dividend.
37. Capitalisation of undistributed profits.

38. Incurring of any borrowings from third parties.
39. Approval of the release for consultation of key policy documents of strategic importance.
40. Approval of any appointments of Executive team members (other than the CEO) to external boards or other external positions.
41. Review and approval of Safety Policy and Procedures (see section 6).
42. Twice yearly presentation on safety in relation to GNI (See section 6 below).
43. All GNI matters requiring Ministerial consent (list attached) and submission of requests for Ministerial consent to the relevant Minister(s).
44. Oversee, approve and ensure the implementation of cyber security risk management measures including relevant policy and the cyber security framework (see section 7).
45. All exceptions (if any) made to the GNI Procurement Policy (PD 2) to be reported to the Board on a regular basis.
46. Where the Transfer Day (as that term is defined in the Gas (Amendment) Bill 2023) is later than 1 January 2024, approval of the Ervia Closing Financial Statements.

1a. Policies requiring Board approval.

The following policies are GNI Board Approved Policies. They result from Code or legislative requirements.

PD 2 - Procurement Policies and Procedures

PD 3 – Expenditure and Contract Approval

PD 9 – Protected Disclosures Policy

PD 16 – Code of Business Conduct for all Employees

PD 17 – Internal Audit Charter

PD 40 – Treasury Policy

PD 66 – Enterprise Risk Management Policy

PD107 – Anti-Fraud, Bribery and Corruption Policy

All Board approved policies, other than PD9 (Protected Disclosure Policy) are subject to an in-depth review for relevance and materiality on a rolling basis every 2 years. Only material changes to these policies will be brought to the Board during the intervening period. The materiality of amendments to policies is to be assessed by the policy owners in conjunction with the Sponsoring Executive and presented to the Chief Legal Officer for final approval.

PD 9 (Protected Disclosure Policy) must be reviewed annually. Material changes will be brought to the Board. As noted in section 6 below, the GNI Health and Safety Policy will also be reviewed and approved annually by the Board.

2. Financial Authority Levels delegated by Board to Management (to be read in conjunction with PD/03)

2.1 Capital Projects - Delegations of Authority

Lifecycle	Stage	Preliminary Business Case	Final Business Case				Implement	Review	Ex-post Evaluation	
	Products	Preliminary Business Case	Project Execution Plan	Tender	Material Procurement (Long Lead Time)	Final Business Case	Monitoring Reports	Project Completion Report	Ex-Post Evaluation Report	
	Governance Approval Gate	AG1	AG2			AG3		AG4	AG5	
		Approval in Principle	Approval to Proceed			Approval to Proceed to Award Contract	Intervention Points where required	Approval of Project Completion Reports	Approval of Ex-Post Evaluation Reports	
Delegation of Approving Authority thresholds for expenditure on capital projects	<€0.5m	Individual								
	€0.5m-€3.5m	EAC Sub Committee								
	€3.5m-€10m	EAC								
	€10m-€20m	EAC					GNI Board			
	€20m-€200m	EAC		GNI Board						
	>€200m	GNI Board (with Government consent required as supported by External Government Oversight Group – refer to 2.9)								
Delegation of Sponsoring Agency	<€3.5m	Project Owner								
	>€3.5m	Head of Function								

*Where GNI is in receipt of Exchequer funding, capital projects greater than €200m require External review and Major Project Advisory Group review at the Preliminary Business Case stage, prior to seeking Government consent

2.2 Capital Programmes – Delegations of Authority

Lifecycle	Stage	Preliminary Business Case	Final Business Case				Implement	Review	Ex-post Evaluation	
	Products	Preliminary Business Case	Project Execution Plan	Tender	Material Procurement (Long Lead Time)	Final Business Case	Monitoring Reports	Project Completion Report	Ex-Post Evaluation Report	
	Governance Approval Gate	AG1	AG2			AG3		AG4	AG5	
		Approval in Principle	Approval to Proceed			Approval to Proceed to Award Contract	Intervention Points where required	Approval of Project Completion Reports	Approval of Ex-Post Evaluation Reports	
Delegation of Approving Authority thresholds for expenditure on capital programmes	<€0.5m	Individual								
	€0.5m-€3.5m	EAC Sub Committee								
	€3.5m-€10m	EAC								
	€10m-€100m	EAC					GNI Board			
	€100m - €200m	EAC		GNI Board						
	>€200m	GNI Board (with Government consent required as supported by External Government Oversight Group – refer to 2.9)								
Delegation of Sponsoring Agency	<€3.5m	Programme Owner								
	>€3.5m	Head of Function								

2.3 Operational Expenditure – Delegations of Authority

Lifecycle	Stage	Appraisal	Final Business Case			Implement	Evaluation
	Products	Detailed Appraisal	Plan for Delivery	Tender	Final Business Case	Monitoring Reports	Completion Report
	Governance Approval Gate	AG1	AG2		AG3		AG4
		Approval in Principle	Approval to Proceed to Design and Tender		Approval to Proceed to Award Contract	Intervention Points (where required)	Approval of Completion Reports (where required)
Delegation of Approving Authority thresholds for operating expenditure	<€0.5m				Individual		
	€0.5m-€3.5m				EAC Sub Committee		
	€3.5m-€10m				EAC		
	€10m-€100m	EAC			GNI Board		
	>€100m	EAC	GNI Board				
Delegation of Sponsoring Agency	<€3.5m	Opex Owner					
	>€3.5m	Head of Function					

2.4 Framework Agreements (other than Agreements for Legal Services, PR/Marketing Consulting Services, Pension Advisory Services, Internal Audit and Risk Management Services and Insurance Broking) – Delegations of Authority

Lifecycle	Stage	Appraisal	Preliminary Business Case	Tender	Final Business Case	Evaluation
	Governance Approval Gate	AG1	AG2		AG3	AG4
		Approval in Principle	Approval to Proceed to Design and Tender	Tender	Approval to Proceed to Award Contract	Approval of Completion Reports (where required)
Delegation of Approving Authority thresholds for Frameworks and Contracts	<€0.5m				Individual	
	€0.5m-€3.5m		EAC Sub Committee			
	€3.5m-€10m		EAC			
	€10m-€20m		EAC		GNI Board	
	€20m-€100m	EAC			GNI Board	
	>€100m	EAC			GNI Board	
Delegation of Sponsoring Agency	<€3.5m	Framework/Contract Owner				
	>€3.5m	Head of Function				

2.5 Expenditure Approval Committee Membership

GNI Expenditure Approval Committee (“EAC”) Membership

EAC Committee Membership for expenditure >€3.5m

Quorum** 3* of the executive leadership.

Advisory	<ul style="list-style-type: none"> • Chief Legal Officer • Head of Supply Chain • Financial Control and Planning • Technical expertise as necessary
Chair	<ul style="list-style-type: none"> • Chief Executive Officer or • Chief Financial Officer or • Director of Strategy and Regulation or • Nominee of the Chief Financial Officer
Sub-Committee Membership for expenditure <€3.5m	
Quorum**	3* of <ul style="list-style-type: none"> • Head of Financial Control & Planning • Head of Business Development • Head of Asset Operations • Head of Asset Delivery • Head of Portfolio Office • Head of Regulation
Advisory	<ul style="list-style-type: none"> • Legal Officer • Head of Supply Chain • Technical expertise as necessary
Chair	<ul style="list-style-type: none"> • Head of Financial Control & Planning or • Nominee

**Cannot approve proposals they are sponsoring.

Up to two members of EAC can delegate his/her authority to a direct report to act with his/her authority at an Expenditure Approval Committee meeting, subject to the approval of the Chairperson. The Chief Executive Officer may appoint additional members to the EAC, from time to time, in line with business requirements.

2.6 Contract Execution - Governance Framework

Limit	Contract Execution
≤€500k	Individual directly reporting to: <ul style="list-style-type: none"> • Gas Networks Ireland Executive <u>or</u> • Head of Business Function
>€500k ≤ €3.5m	<ul style="list-style-type: none"> • Gas Networks Ireland Executive
>€3.5m ≤ €10m	<ul style="list-style-type: none"> • Chief Executive Officer; <u>or</u> • <u>2</u> Gas Networks Ireland Executives
>€10m	Approval delegated by the Gas Networks Ireland Board.
>€100m	Approval delegated by the Gas Networks Ireland Board.

3. Group Treasury / Banking Arrangements

The GNI Board has general authority on all Treasury matters, for example external borrowing facilities of all amounts. The full extent of the Board’s powers is set out in PD 40 – Treasury Policy.

There are instances where authority is delegated to subsidiary directors and / or executive management of GNI, as applicable. Current delegations in place are listed below. These delegations may be amended from time to time by the amendment of PD 40 with the approval of the Board.

The requirement and conditions of the Minister for Finance governs the exercise of certain types of contracts by persons whose power to borrow money is subject to the consent of the Minister. This Ministerial Specification outlines details around permissible transactions and contractual counterparties, and is appended to the Treasury Policy (PD 40).

Treasury matter	Applicable entity	Delegations in Place
New funding facilities External and Internal loans	All	Matter reserved for the Board. A subsidiary requires GNI Board approval to seek ministerial consent and to execute a facility.
Counterparty Approval	All	Matter Reserved for the Board. A schedule of approved counterparties is appended to PD40.
Opening and closing of bank accounts	All	Delegated to CEO and CFO CEO & CFO acting together, only with Board approved counterparty.
Counterparty exposure limits For holding cash deposits, investments, treasury transactions	All	Matter Reserved for the Board Treasury transactions are only entered into with Board approved counterparties subject to limits set out in schedule 4 of PD40. The approved counterparty and exposure limits can be temporarily revised by the CEO and CFO acting together.
Setup and maintenance of online banking agreements	All	CEO & CFO acting together, only with Board approved counterparties.
Operating bank mandates Opening & Maintenance	All	CEO & CFO acting together, only with Board approved counterparties.
Setup of new dealing relationships	All	CEO & CFO acting together, only with Board approved counterparties.
ISDA Master Agreement Governing contract for derivative contracts.	All	CEO & CFO acting together, only with Board approved counterparties.

Other

	Authority Delegated to		
Transaction	GNI	GNI Subsidiaries (each a “subsidiary”)	Approval Limits
Dividend	Board	Subsidiary Board	All
External and intercompany borrowing facilities^	Board	Board & Subsidiary(s) Board	All
Loan Compliance Certificates	Board / Delegated Authorities	Subsidiary Board / Delegated Authorities	
Intercompany Loan extensions / Rollovers	CEO & CFO acting together	Any two of subsidiary directors, company secretary, CEO, CFO, & COO, acting together	All
Permitted investments (excl. money market deposits)			
> 6 months	Board	Board & Subsidiary Board	All
3-6 months	CEO & CFO acting together	CEO & CFO acting together	All
< 3 months	CEO & CFO acting together	CEO & CFO acting together	All
< 3 months	Head of Treasury	Head of Treasury	Up to €10m
Permitted Investments (Money Market Deposits) < 12 months	Head of Treasury	Head of Treasury	All
FX - External & intercompany spot, forward and swap transactions	CEO & CFO acting together	CEO & CFO acting together	All (single counterparty)
	Head of Treasury	Head of Treasury	Spot/Fwds < GBP25m FX Swaps < GBP50m (single counterparty)
Other currency risk management instruments	CEO & CFO acting together	CEO & CFO acting together	All
Other currency risk management	CFO Head of Treasury	CFO Head of Treasury	Up to €5m Up to €1m

Interest rate swaps and inflation linked swaps	CEO & CFO acting together	CEO & CFO acting together	All
External and Internal loan drawdown and repayment	Head of Treasury	Head of Treasury	All
Confirmation Interest rate resets	Head of Treasury / Treasury Back Office & Operations Manager	Head of Treasury / Treasury Back Office & Operations Manager	All
Intercompany transfers	Head of Treasury	Head of Treasury	All
Commodity Physical delivery - Transaction	Where already approved under PD3 - Head of Treasury	Where already approved under PD3 - Head of Treasury	All
Commodity Cash Settled / Financial Instrument	Board	Board and subsidiary board	All
Information/compliance requests (e.g. EMIR, MIFID, FATCA, LEI)	Head of Treasury / Company Secretary	Head of Treasury / Company Secretary	All
Fees and Charges incurred under a Board approved facility	Head of Treasury	Head of Treasury	All
ISDAs	CEO and CFO acting together	CEO and CFO acting together	All
Opening and Closing of Bank Accounts	CEO & CFO acting together	CEO & CFO acting together	All
Financial Security (FS) (Outgoing)			
Letter of Credit Facility	Board	Board & subsidiary board	All
Issued Letters of Credit	Board / Delegated Authorities	Board & subsidiary board/Delegated Authorities	All
Letters of Comfort / Letter of Undertaking (External party)	Board	Board & subsidiary(s) board	All
Letters of Comfort / Letter of Undertaking (GNI entity (Trade))	CEO & CFO acting together	CEO & CFO acting together	All
Outgoing Guarantees (External party)	Board	Board & subsidiary(s) board	All
Outgoing Guarantees (GNI entity (Trade))	CEO & CFO acting together	CEO & CFO acting together	All
Cash collateral / Margining	Board	Board & subsidiary(s) board	All
Financial Security (Incoming)	CFO & Head of Treasury acting together	CFO & Head of Treasury acting together	Where outside Policy

	& where applicable the CRU/Utility Regulator	& where applicable the CRU/Utility Regulator	
Execute a Demand on Letters of Credit provided as Security Cover	CFO, Director of Strategy & Regulation, or the Chief Legal Officer, acting alone	CFO, Director of Strategy & Regulation, or the Chief Legal Officer, acting alone	
Reducing value of FS or releasing FS provider from their FS obligations (where contractual commitments have been met)	CFO or Head of Treasury, acting alone	CFO or Head of Treasury, acting alone	

4. Subsidiaries – Guiding Principles

The **full GNI Authority levels apply** to GNI subsidiaries and the subsidiary must operate within this authority framework subject always to statutory, regulatory or other governmental or legislative requirements.

Any matter which is submitted to a subsidiary Board for approval under section 5 must also obtain the approval required pursuant to section 2 – Financial Authority Levels or section 3 – Group Treasury/Banking Arrangements, as appropriate.

Matters related to expenditure, contracts, projects, or programmes which are reserved to the GNI Board in accordance with section 1, shall be submitted to the relevant subsidiary Board for approval or recommendation in advance of their review by the GNI Board.

5. Matters Reserved to the Board of GNI (UK) & Gas Networks Ireland (IOM) DAC – subject to overall approval of GNI Board

GNI (UK)

1. Approval of annual accounts.
2. Proposal of Annual Business Plan to GNI Board.
3. Proposal of Annual Budget to GNI Board.
4. Review and approval of Safety Policy and Procedures.
5. Approval of expenditure authorisation levels in relation to investments and capital projects including approval of terms of major contracts.
6. Banking arrangements i.e. changes to bank mandates/cheque signatories, and in line with the delegated authority framework.
7. Approval of Services Agreement.
8. Risk Management review.
9. Appointment of Auditors, in conformance with group policies.
10. Convening an AGM and EGM.
11. Fixing of remuneration of Directors.
12. Affixing the seal of the company, provided that where a contract is approved in accordance with the delegations of authority set out in section 2 and PD03, the document may be sealed in

accordance with the delegation of authority contained in PD03 and notified to the Board at its next meeting.

13. Capitalisation of undistributed profits.
14. Purchase of insurance broking services.

Gas Networks Ireland (IOM) DAC

1. Approval of annual accounts.
2. Banking arrangements i.e. changes to bank mandates/cheque signatories, and in line with the delegated authority framework.
3. Approval of Services Agreement.
4. Risk Management review.
5. Appointment of Auditors, in conformance with group policies.
6. Convening an AGM and EGM.
7. Fixing of remuneration of Directors.
8. Affixing the seal of the company, provided that where a contract is approved in accordance with the delegations of authority set out in section 2 and PD03, the document may be sealed in accordance with the delegation of authority contained in PD03 and notified to the Board at its next meeting.
9. Capitalisation of undistributed profits.

6. Safety

1) GNI Board

Safety is a standing item at the monthly GNI Board Meeting where the Board is updated on safety incidents, leading and lagging safety metrics and performance trending. A monthly safety report is issued to the Board with safety papers for the meeting. The monthly safety report consists of a high level summary document concerning safety matters in GNI and its subsidiaries, as applicable. More detailed updates and 'deep dives' on specific matters are provided twice yearly when the Board is updated on safety incidents, strategies, initiatives, and events. This review provides the Board with an opportunity to review and question safety strategy, policies, and procedures in GNI.

2) Committee Consideration of Safety Matters

Health and safety in GNI is discussed at a more detailed level at a Safety, Sustainability & People Committee of the Board. A safety briefing will be provided by the GNI Head of HSQ at each meeting of the Committee, along with relevant 'deep dives' as required. The Board will be updated on all relevant matters arising at the Committee.

3) GNI (UK)

The Board of GNI (UK) is briefed in relation to the safety of its assets and the activities undertaken on its behalf by Gas Networks Ireland in Northern Ireland and Great Britain.

Safety Policies

The GNI Health and Safety Policy will be reviewed on an annual basis by each Board and updated if necessary-

7. Cyber Security

The Board has responsibility for the approval of cybersecurity risk management measures and must oversee their implementation. Regular detailed briefings are provided to the Audit and Risk Committee in relation to cyber security risk and risk management activities at least three times per year and key updates are escalated to the Board by that Committee as appropriate.

The Executive team will identify risks and will establish and implement operational measures to manage cyber security risk, including establishment and testing of cyber security response protocols.

The Director of Business Services or such other Executive as is appropriate will have delegated responsibility for the management of cyber security matters and for requisite reporting to the Board.

All staff are trained in relation to cyber security awareness.

8. Schedule of GNI Ministerial Consents

1. Carrying out the activity of a parent company save in respect of any existing subsidiary.
2. Participation in any arrangements or funding activities (including fundraising, borrowing, credit rating etc) of the Company or a subsidiary of the Company.
3. Carrying on any other business in respect of which GNI would be required to seek the consent of the Minister pursuant to the Gas Acts or any other enactment from time to time to carry out.
4. Any acquisition or disposal of shares or other interests in a body corporate or other body.
5. Any purchase, acquisition or winding-up of the business of or other interests of any entity.
6. Any issue or allotment of securities of the Company.
7. Any subscription, acquisition, or other action in respect of any shares or other interests of any company or other body (excluding any action in respect of the co-ordination, financing and managing the business and operation of any company in which the Company holds any interest).
8. Any borrowing or fundraising and any security given for the same.
9. The provision of any loan, credit or financial accommodation or support to any person and other than any credit or financial accommodation given in the ordinary course of business.
10. Any security or collateral.
11. Any guarantee, other support, indemnity or surety and any security or collateral given for the same.
12. Carrying out any activity which comprises a disposal (whether in a single transaction or in a series of transactions) of all, or (otherwise than in the ordinary course of business of the Company) a significant part of, the undertaking, property, and assets of the Company.
13. Any formation, establishment or control of a company or undertaking.
14. Any listing and/or admission of securities of the Company to trading on an exchange, market, or multilateral trading facility.
15. Ceasing to carry on or winding up the business of the Company, cancelling any registration of and winding up or procuring the dissolution of the Company.
16. Any transaction of a type described in section 3 of the Borrowing Powers of Certain Bodies Act 1996.
17. The participation in or contribution to any non-contributory or contributory pension or superannuation fund, scheme or arrangement for the benefit of any persons who are or shall have been at any time in the employment or service of the Company or the spouses, civil partners widows and widowers, families, relatives or dependants of such persons any other officers or servants of the Company as the Company may determine from time to time save for

any arrangements made for the purposes of compliance with Section 121 of the Pensions Act 1990 (as amended) as that section may be amended or replaced from time to time.

18. Any joint venture arrangement (other than any industry co-operation agreement), sharing of profits or amalgamation or any assumption or taking over of any obligation of any person.
19. Any other activities not set out in 1-19 above to be undertaken by the Company (directly or through any subsidiary) to the extent that the Company requires the consent of a Minister of the Government to carry out the said other activities.