

Gas Networks Ireland (GNI) Governance Framework

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This Framework (in line with Board approved policies) shall be subject to an in-depth review every two years and brought to the Board for approval. Only material changes to this Framework will be brought to the Board during the intervening period. The materiality of amendments will be assessed by the Company Secretary and the Chief Legal Officer for final approval.

1. MATTERS RESERVED TO THE BOARD OF GNI

1. Approval of annual budgets, business plans and long-term strategic plans.
2. Approval of the GNI Annual Report and Financial Statements.
3. Approval of Regulatory Financial Statements.
4. Approval of all capital expenditure proposals in excess of €10m and any overspends arising thereon¹.
5. Approval of all contracts for expenditure (including Framework Agreements and Qualification System Contracts) in excess of €10m and any overspends thereon.
6. Approval of all Consultancy Contracts in excess of €3m
7. Approval of all Framework Agreements for Legal Services, PR/Marketing Consulting Services, Pension Advisory Services, Internal Audit and Risk Management Services and Insurance Broking Services where the value of those agreements is over €3m.
8. Approval of all capital expenditure proposals where the Infrastructure Guidelines apply in circumstances where there is exchequer funding.
9. Affixing the seal of the company to a contract (through a delegated authority) where the contract has been approved in accordance with the delegations of authority set out in GNI's PD03 policy. The sealing is to be notified to the Board at its next meeting following the sealing.
10. Approval of pay agreements.
11. Amendments to GNI Pension Schemes which materially change the terms attaching to such Pension Schemes.
12. Appointment / removal of auditors, on recommendation of the Audit & Risk Committee.
13. Establishment of subsidiaries.
14. Establishment of joint ventures.
15. Acquisition of interests in non-group companies.
16. Issue of securities in GNI or in any subsidiary.
17. The appointment of directors to subsidiary companies.
18. 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.
19. Initiation or settlement of any litigation which could have a significant reputational impact on GNI or have a material financial impact (more than €10m) on the organisation.

¹ Note that operating expenditure is approved by the Board as part of the annual budget process and any overspends arising are subject to Board review as part of the Management Accounts and Forecast updates.

20. Appointment, remuneration, assessment of performance of, and succession planning for, the Chief Executive Officer, on recommendation from the Remuneration Committee.
21. Terms of Senior Management (direct reports to the Chief Executive Officer) and Senior Management remuneration, both on recommendation from the Remuneration Committee.
22. Appointment and removal of the Company Secretary.
23. Approval of commercial property transactions (including by lease or licence) with a value in excess of €500,000.
24. 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.
25. Formal submissions to the regulatory authorities in relation to price control.
26. Review of/changes to systems of internal financial and other controls, on the recommendation of the Audit and Risk Committee.
27. Convening an AGM and EGM.
28. Declaration and payment of a dividend.
29. Capitalisation of undistributed profits.
30. Incurring of any borrowings from third parties.
31. Approval of any appointments of Executive team members (other than the CEO) to external boards or other external positions.
32. Review and approval of Safety Policy and Procedures (see section 6).
33. To receive a twice-yearly presentation on safety in relation to GNI (See section 6 below).
34. All GNI matters requiring Ministerial consent (list attached) and submission of requests for Ministerial consent to the relevant Minister(s).
35. Oversee, approve and ensure the implementation of cyber security risk management measures including relevant policy and the cyber security framework (see section 7).

2. POLICIES REQUIRING BOARD APPROVAL

The following policies are GNI Board approved policies -

- 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
- Code of Business Conduct for GNI / GNI (UK) Board Members, GNI / GNI (UK) Senior Management and Directors of GNI & Subsidiary Companies

All Board approved policies, other than PD9 (Protected Disclosure Policy) are subject to an in-depth review every two years and are then brought to the Board for approval. 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.

3. FINANCIAL AUTHORITY LEVELS DELEGATED BY BOARD TO MANAGEMENT (TO BE READ IN CONJUNCTION WITH PD/03 POLICY)

3.1 Delegated Authority Levels – Capital Projects and Programmes

Capital Projects & Programmes – Approving Authority ¹					
Projected Final Cost - Euro's	GNI Regulated		GNI Unregulated	GNI UK Regulated & Unregulated	GBP Equiv.
<=0.2m	Executive or Head of Function			same as GNI approvals	<=170k
>0.2m - <=0.5m	Executive or Head of Function	Sub-EAC		same as GNI approvals	<=429k
>0.5m - <=3.5m	Sub-EAC			Sub-EAC	>429k - <=3m
>3.5m - <=10m	EAC			GNI UK Board (Gate 3) ²	>3m
>10m - <=20m	GNI Board (Gate 3)				
>20m	GNI Board (Gate 2)				

1. Executive or Head of Function can approve AG1/AG2 capital expenditure budgets to a maximum value of €500k (regulated) and €200k (unregulated), that are required to progress to AG3 Projected Final Cost.
2. GNI Board approval is also required for all GNI UK capital expenditure proposals, in excess of €10m.
3. Where GNI is in receipt of Exchequer funding, capital projects and programmes must adhere to the Infrastructure Guidelines: <https://www.gov.ie/en/collection/e8040-infrastructure-guidelines/>

3.2 Delegated Authority Levels - Contracts, Framework Agreements and Qualification System Contracts

Contracts, Framework Agreements & Qualification Systems Contracts (“QSC”) – Approving Authority		Contract Execution
(a) Initial Award¹	Contracts & Frameworks	Contracts & Frameworks
<= €0.5m	Executive or Head of Function	Executive or Head of Function
>0.5m - <=3.5m	Sub EAC Committee	Executive
>3.5m - <=10m	EAC Committee	CEO or 2 Executives
>10m	GNI Board	GNI Board delegation
(b) Subsequent Awards	Frameworks & QSC	Frameworks & QSC
<= €0.2m	Individuals as approved by CFO	Individuals approved by CFO
<= €0.5m	Executive or Head of Function	Executive or Head of Function
>0.5m - <=3.5m	Sub EAC Committee	Executive
>3.5m - <=10m	EAC Committee	CEO or 2 Executives
>10m	GNI Board	GNI Board delegation
(c) Subsequent Reporting	Frameworks & QSC	
Sub EAC >€0.5m	1) YTD awards + 2) Cumulative through-put	
EAC >€3.5m	1) YTD awards + 2) Cumulative through-put	

1. The establishment of Qualification Systems are subject to approval by the relevant Executive or Head of Function in addition to the Head of Supply Chain. Any subsequent contract awards are subject to the delegated approvals as set out above.
2. The authority levels as set out above only apply where fixed rates or fixed values are used. Otherwise, committee approval is required.
3. GNI UK Board approval is required for the award of all qualification system contracts, framework agreements, and other contracts where the total value exceeds €3.5/£3m million.
4. Any contracts that are reserved for GNI Board approval as set out in the Governance Framework, are excluded from the delegated approvals as set out above.

3.3 Expenditure Approval Committee Membership

GNI Expenditure Approval Committee (“EAC”) Membership

EAC Committee Membership for expenditure >€3.5m	
Quorum	3* of the Executive team.
Advisory	<ul style="list-style-type: none"> • Chief Legal Officer • Head of Supply Chain • Head of Portfolio Office • Financial Control and Planning • Chief Technical Engineer • 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 EAC 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 Delivery • Head of Portfolio Office • Head of Regulation • Head of Strategy & Planning • Chief Technical Engineer
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

Table 1 Expenditure Approval Committee Membership

4. 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 (PD40).

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		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.
Banking documentation	All	Where applicable Board or delegated authority

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	All
Intercompany Loan extensions /Rollovers	CEO & CFO acting together	Any two of subsidiary directors, company secretary, CEO, CFO, & COO, acting together	
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	CFO	Up to €5m
	Head of Treasury	Head of Treasury	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 & where applicable the CRU/Utility Regulator	CFO & Head of Treasury acting together & where applicable the CRU/Utility Regulator	Where outside Policy
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	

5. SUBSIDIARIES – GUIDING PRINCIPLES

GNI's subsidiaries must operate within their authority frameworks 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.

6. MATTERS RESERVED TO THE BOARD OF GNI (UK) & GAS NETWORKS IRELAND (IOM) DAC – SUBJECT TO OVERALL APPROVAL OF GNI BOARD WHERE APPLICABLE

GNI (UK)

1. Approval of annual accounts.
2. Approval of Annual Business Plan to GNI Board.
3. Approval 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 to a contract (through a delegated authority), where the contract has been approved in accordance with the delegations of authority set out in GNI's PD03 policy. The sealing is to be notified to the Board at its next meeting following the affixing of the seal.
13. Capitalisation of undistributed profits.

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. Appointment of Auditors, in conformance with group policies.
4. Convening an AGM and EGM.
5. Fixing of remuneration of Directors.
6. Affixing the seal of the company to a contract (through a delegated authority), where the contract has been approved in accordance with the delegations of authority set out in GNI's PD03 policy – the sealing is to be notified to the Board at its next meeting.
7. Capitalisation of undistributed profits.

7. SAFETY

i. 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.

ii. 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.

iii. 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.

iv. Safety Policies

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

8. CYBER SECURITY

The Board has responsibility for the approval of cybersecurity risk management measures and must oversee their implementation. 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.

9. 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 material acquisition or disposal of land, buildings or other material assets.
6. Any purchase, acquisition or winding-up of the business of or other interests of any entity.
7. Any issue or allotment of securities of the Company.
8. 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).
9. Any borrowing or fundraising and any security given for the same
10. The provision of any loan, credit, financial accommodation or support to any person and other than any credit or financial accommodation given in the ordinary course of business.
11. The provision of any security or collateral.
12. Any guarantee, other support, indemnity or surety and any security or collateral given for the same.
13. 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.
14. Any formation, establishment or control of a company or undertaking.
15. Any listing and/or admission of securities of the Company to trading on an exchange, market, or multilateral trading facility.
16. 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.
17. Any transaction of a type described in section 3 of the Borrowing Powers of Certain Bodies Act 1996.
18. 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

19. 1990 (as amended) as that section may be amended or replaced from time to time.
20. 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.
21. 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.
22. The appointment of Directors to the Board.
23. The removal of Directors from the Board.
24. The appointment of one of the Directors to be the Chairperson.
25. To fix the remuneration of the Directors (including the Chairperson but excluding the Chief Executive Officer).
26. The appointment of the Chief Executive Officer.
27. The 'term' and terms & conditions for the Chief Executive Officer.
28. The removal of the Chief Executive Officer for stated reasons.
29. The appointment of statutory auditors.
30. The entry into any capital commitments the amount of which exceeds an amount specified in accordance with section 21 of the 1976 Act.
31. The amendment of the Constitution of Gas Networks Ireland.
32. The Annual Report shall include such particulars as may be directed by the Minister.