



EirGrid's Code of Business Conduct for Directors

**O5 February 2009
Latest Version Approved by CER**



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EirGrid's Code of Business Conduct for Directors ("the Code")

1. Introduction

EirGrid plc ("the Company") is responsible for the operation of the transmission of electricity in Ireland and EirGrid plc's subsidiary SONI Limited is responsible for the operation of the transmission of electricity in Northern Ireland. In carrying out this vital role and in exercising its control over SONI, the Company must build and maintain the trust and confidence of those with whom it deals and sustain a reputation for honesty, integrity, independence and fair dealing. The Company wishes to have a lasting rewarding relationship with its stakeholders – the Commission for Energy Regulation Government, the Northern Ireland Authority for Utility Regulation, the SEM Committee, its employees, its suppliers, its customers, which includes consumers of electricity in Northern Ireland and Ireland, and the communities in which it operates.

The Company has a high profile and its operations are subject to public scrutiny. It is essential that the Company and, in particular, those filling positions on the Board of the Company discharge their functions in an independent manner and act, and are seen to act, beyond reproach and take care to avoid any act or inactivity which may in any way undermine the integrity of the Company's activities. While the highest ethical standards are required of all Company personnel, it is considered appropriate to provide specific guidance to the members of the Board in view of their special position.

Reference is made in the code to relevant Statutory Instruments, the Articles of the Company and other relevant documents. In addition Directors are subject to the provisions of the Companies Acts, Ethics in Public Office Act 1995 and Standards in Public Office Act 2001, as well a general obligation to observe all applicable rules, regulations, legislation and laws including but not limited to the Department of Finance Code of Practice for the Governance of State Bodies which have relevance for them in the exercise of their positions as Directors.

This Code shall be applied to all Directors of any subsidiaries of the Company.

Reference to any rules, regulations, legislation law and/or Code of Practice shall be construed as a reference to the same as it may have been or may from time to time be amended, modified or reenacted.

"confidential commercial information" means all and any information including technical information (whether or not recorded in documentary form or on computer disk or tape) relating to the affairs, organisational and business methods, corporate plans, management systems, finances, maturing new business opportunities or research and development projects of the Company:

- (a) which you shall acquire at any time during your directorship of the Company; and
- (b) which is not in the public domain

"technical information" means all and any trade secrets, secret formulae, process, inventions, designs, know-how, discoveries, technical specifications and other technical information (whether or not recorded in documentary form or on computer



disk or tape) relating to the creation, production or supply of any past, present or future product or service of the Company.

2. Intent and scope

The intent of the Code is to ensure that the Company carries out its role and responsibilities to the highest ethical standards. The scope of the Code's provisions address particular norms of conduct required of each Director of the Company ("Director") to achieve the highest ethical standards in discharging his or her duties. It is, however, impossible to cover every eventuality that could arise in the conduct of each Director's duties. Accordingly, Directors should be aware that the spirit as well as the wording of the ensuing rules should be observed.

3. Objectives

The basic objectives of the Code are:

- establishment of an agreed set of ethical principles more specifically set out below in Section 4;
- promotion and maintenance of confidence and trust; and
- prevention of development or acceptance of unethical practices.

4. General Principles

The general principles underlying this Code which applies to all Directors of the Company are:-

- ***Integrity***
 - the requirement by Directors to disclose outside employment/business interests in potential conflict with the business of the Company;
 - the requirement that Directors shall not be involved in outside employment/business interests in conflict or in potential conflict with the business of the Company;
 - avoidance of the giving or receiving of corporate gifts, hospitality, preferential treatment or benefits which might affect or appear to affect the ability of the donor or the recipient to make independent judgement on business transactions;
 - commitment by Directors to compete vigorously and energetically but also ethically and honestly;
 - conduct of purchasing activities of goods/services in accordance with best business practice;

- ensuring that the Company's accounts/reports accurately reflect its business performance and are not misleading or designed to be misleading;
 - avoidance of use of the Company's resources or time for personal gain, for the benefit of persons/organisations unconnected with the Company or its activities or for the benefit of competitors; and
 - commitment by Directors not to acquire information or business secrets by improper means.
- **Information**
- support by the Directors, for the provision of access by the Company to general information relating to the Company's activities in a way that is open and enhances its accountability to the general public.
 - respect the confidential commercial information held by the Company. This would constitute material including but not limited to such as:
 - commercially sensitive information (including, but not limited to, future plans or details of major organisational or other changes such as restructuring);
 - personal information; and
 - information received in confidence by the public body.
 - observe appropriate prior consultation procedures with third parties where, exceptionally, it is proposed to release sensitive information in the public interest.
 - comply with relevant statutory provisions (e.g. data protection legislation, the Freedom of Information Acts 1997 and 2003).
 - no director will disclose confidential commercial information obtained by him or her while performing his or her duties in the Company unless he or she is duly authorised by the Company to do so or required to do so by law.

Specifically:-

- a Director shall keep strictly secret and confidential all confidential commercial information including but not limited to any books, documents or records relating to the business, affairs and accounts of the Company, including all subsidiary or associated companies.
- a Director shall not disclose confidential commercial information including but not limited to any books, documents or records relating to the business, affairs and accounts of the Company, including all subsidiary or associated companies, directly or indirectly to third parties, including the

media, as this represents a breach of trust and could be highly damaging to the Company.

- a Director shall not use confidential commercial information otherwise than solely for the benefit of the Company in the course of his or her duties.
- a Director should not use confidential commercial information for his or her own gain or for the gain of an affiliate, competitor to the Company or any supplier or customer of such competitors.
- each Director should take particular care to adequately safeguard all Company documents. A Director, on ceasing to be such, is personally responsible for ensuring that all Company documents in his or her possession are returned to the Company and that no copies are retained or other means used of reproducing the same.

- ***Obligations***

- fulfil all regulatory and statutory obligations imposed on the Company;
- compliance with detailed tendering and purchasing procedures, as well as complying with prescribed levels of authority for sanctioning any relevant expenditure;
- introduce controls to prevent fraud including adequate controls to ensure compliance with prescribed procedures in relation to claiming of expenses for business travel;
- Directors shall use their reasonable endeavours to attend all Board meetings;
- the Directors acknowledge the requirement to at all times protect the interests of consumers of electricity in Northern Ireland and in Ireland; and
- acceptance of positions following employment and/or engagement by a State body can give rise to the potential for conflicts of interest and to confidentiality concerns.

- ***Loyalty***

- the Directors acknowledge the responsibility to be loyal to the Company and fully committed in all its business activities while mindful that the organisation itself must at all times take into account the interests of the owner(s); and
- the Directors acknowledge the duty of all to conform to highest standards of business ethics.

- ***Fairness***

- The Directors shall comply with employment equality and equal status legislation;
- the Directors are committed to fairness in all business dealings; and
- the Directors shall value customers and treat all customers equally.

- ***Work/External Environment***

- the Directors shall place highest priority on promoting and preserving the health and safety of employees;
- the Directors shall ensure that community concerns are fully considered; and
- the Directors shall minimise any detrimental impact of the operations on the environment.

- ***Responsibility***

- the Company Secretary shall ensure the circulation to all Directors of the Code and the policy document on Disclosure of Interests set out in Appendix 1 to all Directors for their retention in accordance with Appendix 2;
- the Directors shall acknowledge receipt and understanding of same; and
- prepare an explanatory booklet providing practical guidance and direction on such areas as gifts and entertainment and on other ethical considerations which arise routinely.

5. Review

The Directors shall commit to reviewing on a regular basis this Code as appropriate from time to time.

APPENDIX (1)

EIRGRID'S POLICY DOCUMENT ON THE DISCLOSURE OF INTERESTS BY DIRECTORS

In addition to the legal requirements under the Companies Acts and requirements under the Ethics in Public Office Acts 1995 and 2001, the following procedures shall be observed:

- i) On appointment to the Board of EirGrid, each Director shall furnish to the Company Secretary of EirGrid plc details relating to his/her employment and all other business interests including shareholdings, professional relationships etc., which could involve a conflict of interest or could materially influence the Director in relation to the performance of his/her functions as a Director of the Board. Any interests of a Director's family of which he/she could be expected to be reasonably aware or a person or body connected with the Director which could involve a conflict of interest or could materially influence the Director in the performance of his/her functions should also be disclosed. For this purpose, persons and bodies connected with a Director include:
 - (a) a spouse, parent, brother, sister, child or step-child;
 - (b) a body corporate with which the Director is associated;
 - (c) a person acting as the trustee of any trust, the beneficiaries of which include the Director or the persons at (a) above or the body corporate at (b) above; and
 - (d) a person acting as a partner of the Director or of any person or body who, by virtue of (a) - (c) above, is connected with the Director.

Each Director should furnish to the Secretary details of business interests on the lines above of which he/she becomes aware during the course of his/her directorship.

- ii) Where it is relevant in any matter which arises, the Director should be required to indicate to the Secretary the employment and any other business interests of all persons connected with him/her, as defined at (i).
- iii) Boards may exercise discretion regarding the disclosure by Directors of minor shareholdings. As a general guideline, shareholdings valued at more than €15,000 or of more than 5 per cent of the issued capital of a company should be disclosed.
- iv) If a Director has a doubt as to whether this Code requires the disclosure of an interest of his/her own or of a connected person, that member should consult the Chairperson.
- v) Details of the above interests should be kept by the Secretary of the body in question in a special confidential register and should be updated on an annual basis. Changes in the interim should be notified to the Secretary as

soon as possible. Only the Chairperson, Secretary and Chief Executive of the body should have access to the register.

- vi) Should a matter relating to the interests of the Chairperson arise, he/she should depute another Director to chair the Board meeting and should absent himself/herself when the Board is deliberating or deciding on a matter in which the Chairperson or a person or body connected with the Chairperson has an interest.
- vii) Board or company documents on any case which relate to any dealings with the above interests should not be made available to the Director concerned prior to a decision being taken. (Such documents should be taken to include those relating to cases involving competitors to the above interests). Decisions once taken should be notified to the Director.
- viii) As it is recognised that the interests of a Director and persons connected with him/her can change at short notice, a Director should, in cases where he/she receives documents relating to his/her interests or of those connected with him/her, return the documents to the Company Secretary at the earliest opportunity.
- ix) A Director should absent himself/herself when the Board is deliberating or deciding on matters in which that member (other than in his/her capacity as a member of the Board) or a person or body connected with the member has an interest. In such cases a separate record (to which the Director would not have access) should be maintained.
- x) Where a question arises as to whether or not a case relates to the interests of a Director or a person or body connected with that Director, the Chairperson of the Board should determine the question.
- xi) Former Directors should treat commercial information received while acting in that capacity as confidential.
- xii) The procedures set out above should also be adopted in any subsidiaries of EirGrid plc.



APPENDIX (2)

EIRGRID'S PROCEDURE RELATING TO DIRECTORS CONFIRMING COMPLIANCE OF EIRGRID'S CODE OF BUSINESS CONDUCT FOR DIRECTORS

On an annual basis the Directors of EirGrid plc shall be required to confirm the following information:

Director Name:-

I confirm that

- (i) I have received, read and fully understand EirGrid's Code of Business Conduct for Directors and,
- (ii) I comply, and will continue to comply, with the Code and will confirm compliance with the code as and when required.

Signed _____

Date _____



APPENDIX (3)
Various CER Approvals to the Terms of the Code

Latest CER Approval:

- Letter from CER dated 05 February 2009

Previous CER Approvals:

- :
- E-mail from CER dated 05 March 2007
- Letter from CER dated 09 January 2004



Commission for Energy Regulation
An Coimisiún um Rialáil Fuinnimh

5th February 2009

Our ref: 38077

Ms. Niamh Cahill
Company Lawyer
EirGrid plc
The Oval
160 Shelbourne Road
Ballsbridge
Dublin 4.

Re. CER approval to amend EirGrid's Code of Conduct for Directors

Dear Niamh,

I refer to your letter dated 14th January 2009, which enclosed a modified EirGrid Code of Conduct for Directors. The Commission is satisfied that the modifications to the Code reflect those required under the proposed merger of EirGrid plc with SONI Limited.

Accordingly, the Commission approves the revised EirGrid Code of Conduct for Directors, pursuant to Regulation 57 of S.I. 445 of 2000.

Yours sincerely,

A handwritten signature in black ink that reads 'Michael G. Tutty'.

Michael G. Tutty
Chairman
Commission for Energy Regulation

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-----Original Message-----

From: John Lynch [mailto:jlynch@cer.ie]
Sent: 05 March 2007 17:26
To: Thompson, Bill - Nat Grid
Cc: Regulation - EirGrid; Andrew Ebrill
Subject: RE: R2006789 Employee Code of Conduct - Approved

Dear Bill,

The Commission approves EirGrid's Employee Code of Conduct as previously approved on 9th January 2004 (shown attached), under Section 27 of its TSO licence.

Regarding the Code of Business Conduct for Directors, the Commission has reviewed the code, dated 2nd February 2004, as attached. The Commission requests that the words "in conflict or" be removed from the first requirement listed under the general principles.

The amended requirement shall then read:

"the requirement by Directors to disclose outside employment/business interests in potential conflict with the business of the Company;"

The reason for this is that the requirement which follows the aforementioned one requires *"that Directors shall not be involved in outside employment/business interests in conflict or in potential conflict with the business of the Company"* and this renders it unnecessary for Directors to disclose interests in conflict with the business (but still necessary to disclose interests in potential conflict).

The Commission requests that the Code of Business Conduct for Directors be amended as above and submitted for approval to the Commission.

Regards,

John

John Lynch

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Our Ref: 14896

9th January 2004

Dear Niamh,

Re: Eirgrid Codes of Conduct for Employees and for Directors

I refer to your letter of the 23rd of December 2003, which enclosed Eirgrid's Code of Business Conduct for Directors and your email of the 9th January 2004, which enclosed the Eirgrid Employee Code of Conduct.

The Commission hereby approves Eirgrid's Code of Business Conduct for Directors submitted to the Commission in hardcopy on the 5th January 2004 under Regulation 57 of S.I. 455 of 2000.

The Commission hereby approves the Employee Code of Conduct submitted to the Commission via email on the 9th January 2004 under Regulation 57 of S.I. 455 of 2000.

Yours sincerely,



Tom Reeves
Commissioner

