



Sustainability
in Action 2018

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Managing Director's Introduction



Welcome to Sustainability in Action, our first sustainability report, which highlights Gas Networks Ireland's progress in implementing the principles of sustainable development across all aspects of our operations. We have aligned our report with the United Nations' Sustainable Developments Goals to illustrate how our efforts fit within a larger context for positive change.

This report also serves to comply with the European Union (Disclosure of Non-Financial and Diversity Information by certain larger undertakings and groups) Regulations 2017 as amended by the European Union (Disclosure of Non-Financial and Diversity Information by certain larger undertakings and groups) (Amendment) Regulations 2018.

We are ever conscious of our impact on the environment and in the communities where we operate. We are proud of the fact that we are one of only 33 companies in Ireland to hold the Business Working Responsibly mark. We are committed to ensuring that social responsibility is at the core of our business and key to our strategy.

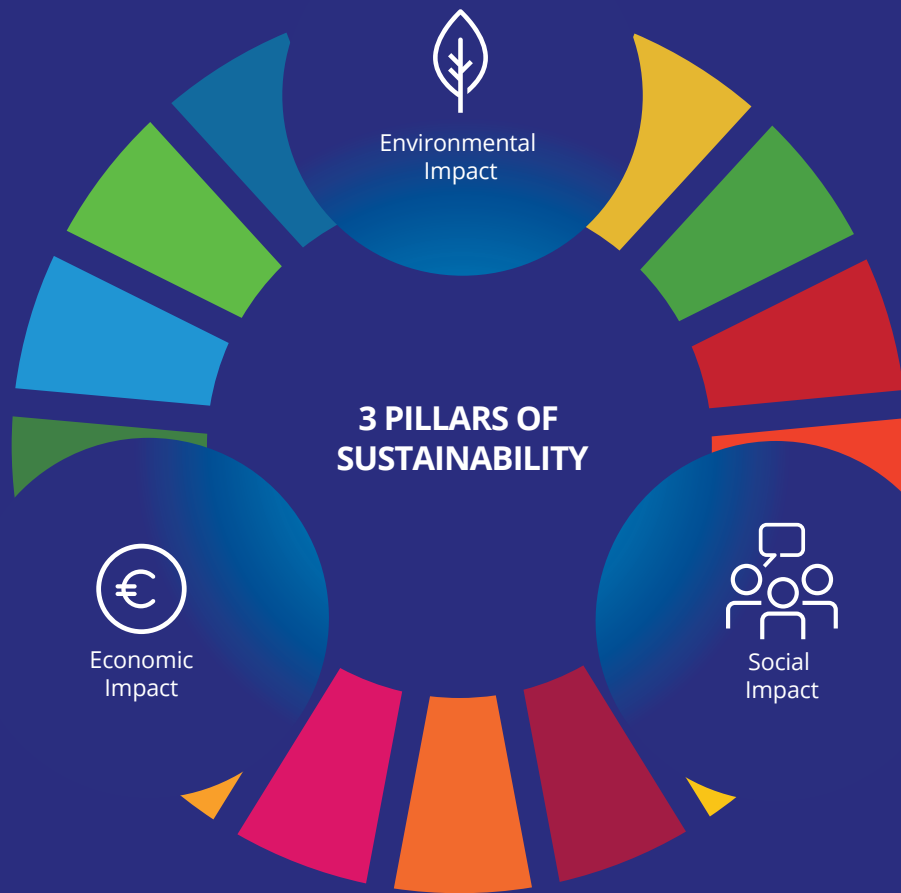
We are in the process of developing a robust sustainability framework to help ensure we respond effectively to the challenges we face. Carrying out our planning, design and construction

obligations in a manner that is both environmentally acceptable and within this framework is an essential part of this process and will continue to play a key role in driving sustainable change in our business.

In this report we highlight the great sustainability work carried out across our business, focusing on the areas of environment, social and economic.

Innovation is at the heart of what we do and by 2030 we aim to have 20% renewable gas on our network. We will achieve our ambition in the area of sustainability through the ongoing efforts of our colleagues and by working closely with our customers and stakeholders.

Denis O'Sullivan
Managing Director
Gas Networks Ireland



In 2015, the UN Sustainable Development Goals (SDGs) were published, presenting businesses with a new framework to inform the design, delivery and communication of their sustainability ambitions. Throughout this sustainability overview, you will see where these principles are embedded.

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

Our Non - Financial Statement

Our non-financial statement is intended to comply with the European Union (Disclosure of Non-Financial and Diversity Information by certain larger undertakings and groups) Regulations 2017 as amended by the European Union (Disclosure of Non-Financial and Diversity Information by certain larger undertakings and groups) (Amendment) Regulations 2018.

The table below and the summary information in it, is intended to help our stakeholders understand our position on key non-financial matters across our business, which includes gas transportation, development, maintenance and operation of the network. We have defined materiality as those items that matter most to our business and stakeholders. Prioritising issues using our materiality matrix enables us to focus efforts on effectively managing risks.

For more information, including policies we publish externally, see our website.

Reporting Requirement	Policies	Information about our activities, policy outcomes and approach to risk management
Environmental matters	<ul style="list-style-type: none"> ▶ Environmental Policy ▶ Energy Policy 	<p>As guardians of Ireland's natural gas infrastructure we aim to deliver our services in a sustainable manner that contributes to the protection of the environment while focusing on the areas where we can make the biggest difference: pages 10-21</p> <p>Risk Management: pages 36-37</p> <p>Materiality Matrix: page 38</p> <p>Policy Outcomes: page 39</p>
Social and employee matters	<ul style="list-style-type: none"> ▶ Corporate Responsibility Policy ▶ Data Protection Policy ▶ Safety Policy ▶ Diversity at Work Policy 	<p>We focus on corporate responsibility activities around the communities we serve, our workplace and marketplace and the environment we work hard to protect: pages 22-31</p> <p>Data Protection: page 27</p> <p>Work Safe Home Safe: page 28</p> <p>Agile Working, Learning and Development and Employee Engagement: pages 28-31</p> <p>Risk Management: pages 36-37</p> <p>Materiality Matrix: page 38</p> <p>Policy Outcomes: page 39</p>
Respect for human rights	<ul style="list-style-type: none"> ▶ Code of Conduct ▶ Modern Slavery Statement 	<p>Human Rights: page 27</p> <p>Risk Management: pages 36-37</p> <p>Materiality Matrix: page 38</p> <p>Policy Outcomes: page 39</p>
Bribery and corruption	<ul style="list-style-type: none"> ▶ Code of Conduct ▶ Anti-Bribery and Anti-Corruption Policy 	<p>Anti-Bribery and Anti-Corruption: page 27</p> <p>Risk Management: pages 36-37</p> <p>Materiality Matrix: page 38</p> <p>Policy Outcomes: page 39</p>

Reporting requirement	Key Information
Description of our Business Model	Business Model: pages 6-7
Principal risks relating to	Environmental matters Health, Safety and Environment: pages 36-37 Network Security of Supply: pages 36-37 Growth and Decarbonisation: pages 36-37 Extreme Weather Events: pages 36-37
	Social and employee matters Health, Safety and Environment: pages 36-37 Network Security of Supply: pages 36-37 Critical IT Infrastructure: pages 36-37 Our People: pages 36-37
	Respect for human rights Third Party Service Delivery: pages 36-37 Customer Experience: pages 36-37 Customer, Reputation and Stakeholder: pages 36-37
	Bribery and corruption Third Party Service Delivery: pages 36-37 Customer Experience: pages 36-37 Customer, Reputation and Stakeholder: pages 36-37 These risks are managed in line with our overall risk management approach: page 36

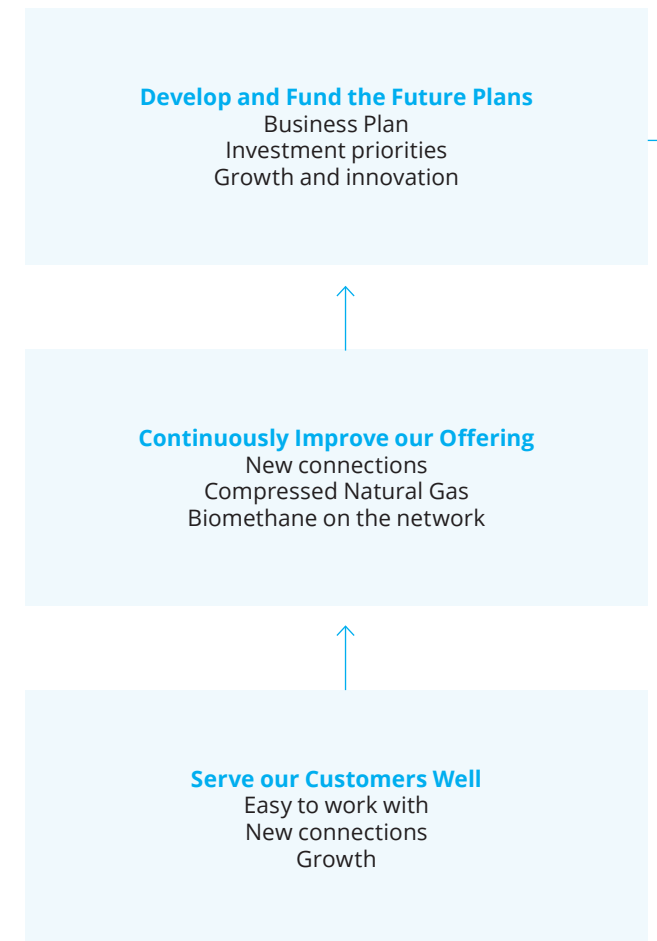
Reporting requirement	Key Information
Policy due diligence	Risk Management: pages 36-37
Non-financial performance indicators	Environmental Matters Reducing Waste: page 16 Environmental and Energy Performance: pages 20-21
	Social and Employee Matters Our Universe: page 25 Learning and Development: page 31 Training Days: page 31 Employee Engagement: page 31
	Respect for human rights Code of Conduct Completion and Modern Slavery: page 27
	Bribery and corruption Awareness campaign to support the introduction of new policy in conjunction with mandatory training for all employees: page 27

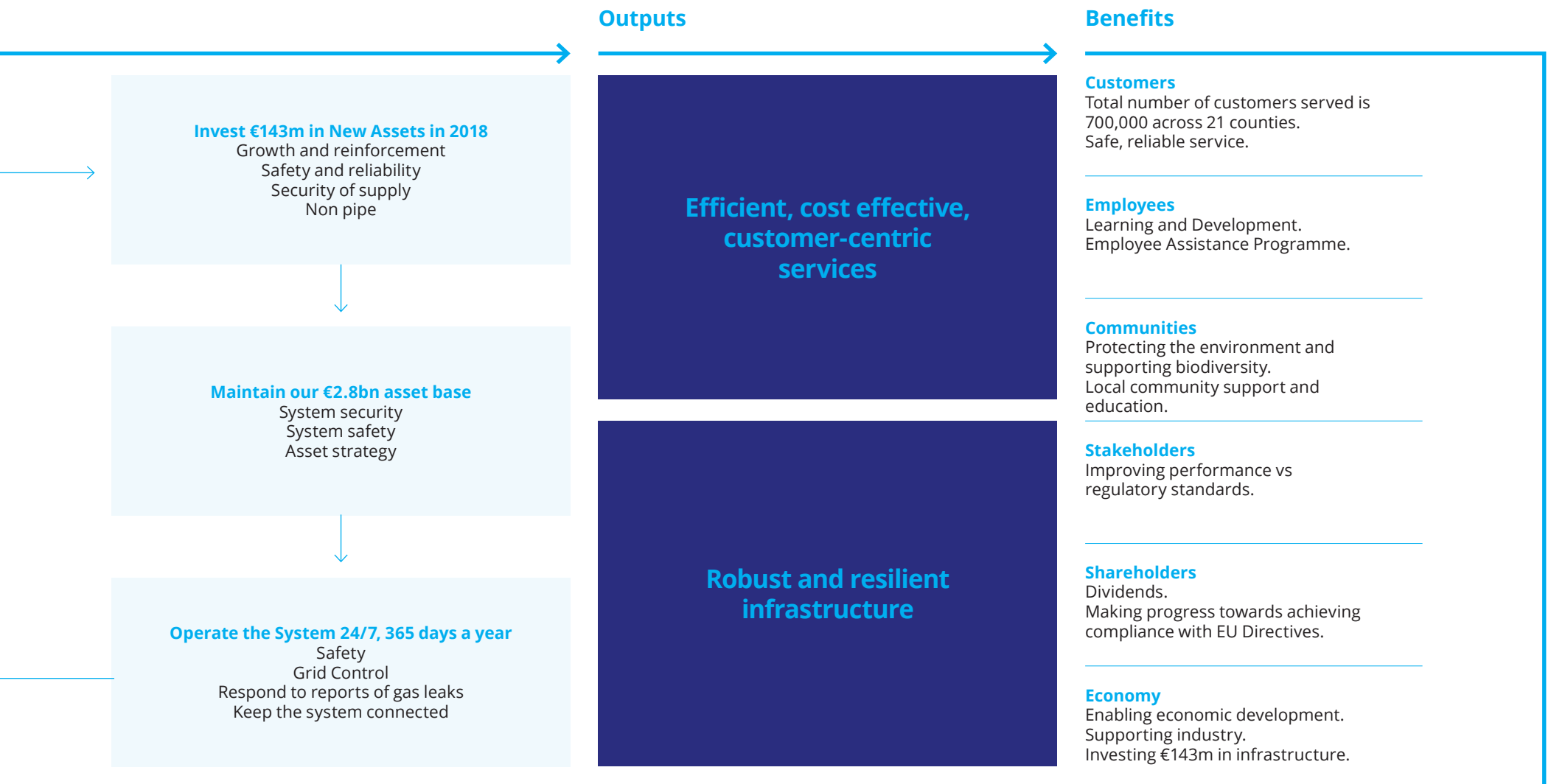
Business Model

Inputs



Activities





Who We Are

Gas Networks Ireland owns and operates the natural gas network in Ireland ensuring that over 700,000 homes and businesses, across 21 counties, receive a safe, efficient and secure supply of natural gas every day. As an energy source, natural gas is of key strategic importance to Ireland – it is a driver of job creation and economic growth, representing 30% of our country’s primary energy mix and, importantly, about 50% of Ireland’s electricity is powered by natural gas. Innovation in energy is at the heart of what we do and we will shortly be introducing a new, indigenous and sustainable source of energy to our network, in the form of renewable gas.

We are advocates for natural gas, actively promoting it as a clean, efficient and cost effective fuel choice for homes, businesses and industry. We are keen to see greater utilisation of the natural gas network and look for opportunities to expand the network where viable.

We are also investing in new innovative ways to deliver Ireland’s low carbon energy future, focusing on renewable gas, compressed natural gas for transport and carbon capture and storage.

At all times, safety is our priority and we manage a 24 hours gas emergency service handling over 19,000 call-outs a year.

We also promote public safety awareness via a range of campaigns, including Gas Emergency Service, Dial-Before-You-Dig, Meter Tampering, and Carbon Monoxide.



2018 Sustainability Highlights



700,000 gas customers



14,172 kilometres of pipeline



ISO14001 - Environmental Management System



ISO45001 - Occupational Health and Safety Management System



ISO9001 - Quality Management System



ISO55001 - Asset Management - Management System



ISO50001 - Energy Management System



Business Working Responsibly Mark - in line with ISO26000



94 % recycling rate



Public Service Energy Monitoring and Reporting Target exceeded; 42% improvement in energy performance from 2006 baseline



Signed up to the Low Carbon Pledge



1 in 3 employees volunteer on our community programmes



68 community initiatives supported



Business Supporter of the All-Ireland Pollinator Plan and implementation of the Biodiversity Enhancement Programme



Establishment of Energy Environmental Working Group to support an integrated and strategic approach across Gas Networks Ireland



Roll out of Compressed Natural Gas vehicles and infrastructure



Continuous awareness and training initiatives



Launch of new primary school STEM education programme Energize



Environment

Environment

As guardians of Ireland's natural gas infrastructure we aim to deliver our services in a sustainable manner that contributes to the protection of the environment, whilst focusing on the areas where we can make the biggest difference.



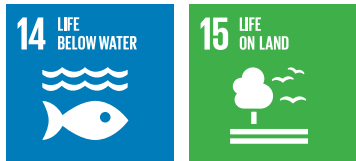
In 2018, we focused on the areas of Waste, Biodiversity and Climate Change.

To reduce our impact on the environment we have developed objectives in a number of areas including air/carbon emissions, energy use, waste generation and efficient use of resources, all of which are verifiable within our certified Environmental Management System ISO14001 and Energy Management System ISO50001.

Gas Networks Ireland set up an Environmental Energy Working Group to promote a more integrated and strategic approach to environmental and energy management across the business and our asset base. We also developed in-house tools to assist our employees in environmental management.

Our bespoke Envirokit and EnviroPlan environmental planning and design toolkits assist our designers and planners in applying a standardised approach to Environmental Management. EnviroOps, our in-house environmental guidance document, was developed to assist our operations personnel in applying best practice while working for the organisation.

Enhancing Biodiversity



What is Biodiversity? Biodiversity is the diversity or variety of life on earth. In general, Ireland has a rich biodiversity for such a small island. Ireland is home to over 400 species of birds, more than 4,000 plant species, over 12,000 species of insects and some 28 species of land mammals.

Gas Networks Ireland is committed to protecting biodiversity across our business and in our community. In 2017, Gas Networks Ireland signed up as a business supporter of the All-Ireland Pollinator Plan. With assets all over the island of Ireland, we recognised the potential to create a network of pollinator-friendly habitats across the country and also to share our knowledge with other businesses. So far, biodiversity enhancement measures have been implemented across two offices and nine above

ground installations (AGIs). The measures include reduced grass cuttings, reduced use of pesticides and installation of birdboxes.

We also supported a PhD student from Trinity College Dublin to carry out research at Brownsbarn AGI and the Dublin office. Her research investigated the '*Impacts of fertiliser and herbicide runoff on plant-pollinator interactions*'.

Gas Networks Ireland employees building insect hotels as part of a Biodiversity Workshop



Gas Networks Ireland employees participating in a Biodiversity Lunch and Learn Walk at our offices in Cork



Key actions from 2018:



Development and roll out of Biodiversity Enhancement Programme



Eleven of our sites identified in Ireland to progress our biodiversity plan



Business supporter of the All-Ireland Pollinator Plan



Grass cutting reduced, signage installed, bird boxes installed, herbicides use reduced, and wild-flower seeds planted



Trinity College Dublin PHD student commenced research thesis at Brownsbarn AGI



Shortlisted for the 2018 Chambers Ireland CSR Awards for our Biodiversity Enhancement Plan



Training for staff on biodiversity, lunch and learn talks and workshops



Enhancing Biodiversity (continued)



As part of an Irish Examiner initiative during National Biodiversity Week, Gas Networks Ireland sponsored a “Butterflies of Ireland” poster which was provided free with the paper to over 50,000 readers. The poster was also provided to 300 schools in Munster and 20 schools located near our office in Finglas, Dublin.

The 2018 and 2019 Gas Networks Ireland calendars were biodiversity-themed. A competition was run for employees to submit photographs of Ireland’s biodiversity to feature in the calendar. A biodiversity artwork competition was also carried out for children of employees.



Bride and Blackwater Rivers

Case study

Rivus Ecological Engineering designed and installed a nature-based solution. Willow and stone were used to secure a major gas pipeline and restore a collapsed riverbank, at the same time as boosting biodiversity.

Ecologically favourable solution;

- ▶ Consultation with the local community
- ▶ Willow-spiled river banks
- ▶ Tiered structures built-up with of a mixture of live and desiccated willow
- ▶ Rock base to reduce erosion
- ▶ Ideal nesting environment for the large colonies of Sand Martin birds
- ▶ Birdboxes installed to help improve breeding success of Sand Martin
- ▶ Bonus for the community, marks available in the annual Tidy Towns Assessment
- ▶ Local Community Groups commended the work and shared some photographs of the works on social media



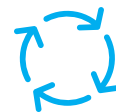
Reducing Waste



Gas Networks Ireland is committed to reducing our waste to landfill. Monthly Key Performance Indicators (KPIs) are recorded and reported, and our current target is to recycle 70% of all waste. Our long term target is zero waste to landfill by 2025.

In 2018, the overall recycling figure in our offices was 94%, up from 85% in 2017. To help achieve our waste goals, all our waste suppliers are audited to assess operational practices to ensure adherence to Gas Networks Ireland standards. We also complete audits and inspections of waste storage compounds on project sites ensuring correct waste segregation to minimise contamination.

We continue to make improvements year on year. Office waste has consistently decreased in recent years and staff are encouraged to recycle via our internal 'Go Glas' Environmental Awareness Campaign. Separately, new recycling bins were introduced and office signage was improved.



In 2018 we had an overall recycling figure of 94%



Current target is to recycle 70% of all waste

Climate Action



Climate change is one of the most significant and challenging issues of our time. Natural gas and gas infrastructure can contribute significantly in the short (5-10 years), the medium (2030) as well as the long term (up to and beyond 2050) in achieving EU energy and climate goals in the most cost-efficient way.

Gas has a key role in decarbonising the energy sector across the areas of transportation, power, heating, industry and in the operation of social communities.

Natural gas plays a critical role in Ireland's energy mix and economy. Gas provides around 30% of Ireland's total primary energy and generates about 50% of Ireland's electricity. Natural gas is the cleanest of all the fossil fuels and is an ideal complement to renewables.



40% less CO₂ than coal



24% less CO₂ than oil



11% less CO₂ than LPG



Public Service Energy Monitoring and Reporting Target exceeded; 42% improvement in energy performance from 2006 baseline



Signed up to the Low Carbon Pledge to reduce our carbon footprint by 50% by 2030

Climate Action (continued)

CNG

Ireland is facing an emissions challenge in transport which requires immediate action. Using Compressed Natural Gas (CNG) to power trucks and buses offers a real solution to reducing emissions from diesel-fuelled heavy vehicles. CNG vehicles should be used, particularly in urban areas, to reduce the level of emissions. A CNG vehicle emits 22% less carbon dioxide (CO₂), 97% less carbon monoxide, 60% less nitrogen oxide and 75% less non-methane hydrocarbon than diesel fuel, while emitting virtually no particulate matter. This will provide significant air quality and health benefits for Irish citizens. Using CNG to power trucks and buses will reduce emissions from diesel-fuelled heavy goods vehicles which account for 20% of all

energy related CO₂ emissions in the road transport sector.

As a commercial proposition CNG is also much cheaper than diesel and operators of CNG vehicles can avail of substantial fuel costs savings. Furthermore, the government has committed to a fixed excise duty rate for natural gas and renewable gas until 2023, helping to ensure a low and stable price.

Renewable Gas

Biogas, which is a form of renewable gas, can be produced through the digestion of wet organic biomass, purified to biomethane and injected directly into the gas network. This can be done without modification to the existing natural gas network or end user equipment. The production of renewable gas can provide benefits to the agriculture, heat and transport sectors, while contributing significantly to meeting Ireland's current and future climate change targets.

Gas Networks Ireland has a strategic plan to achieve 20% renewable gas on the network by 2030, which is equal to circa 11.6 TWh of renewable gas. This figure is supported in independent reports by

the EU Commission and the SEAI. GHG emissions from agriculture represent over 35% of national emissions and are expected to increase further due to a projected increase in dairy cow numbers and proposals to increase food production and exports, as set out in Food Harvest 2020. Ireland needs to sustainably address GHG emissions from agriculture, which could threaten the 'Origin Green' sustainability status of Ireland's food and drink production internationally. The food and beverage production processes contribute a further 13% to national emissions and these industries are largely dependent on gas as their primary energy source.

Anaerobic Digestion facilities at Green Generation, Nurney, Co. Kildare





Climate Action (continued)

Gas Networks Environmental and Energy Performance

Carbon performance for 2018
(emissions by source) Tonnes CO₂



123,030
Natural Gas
(Shrinkage)



317
Natural Gas
(Office)

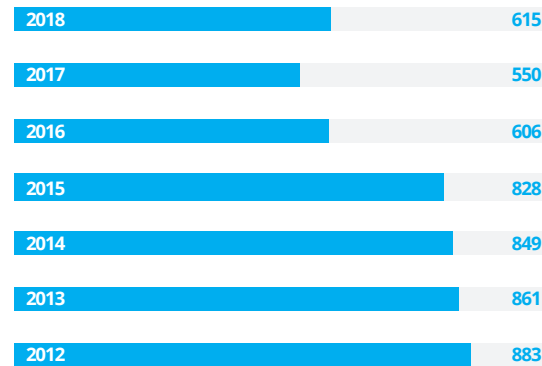


4,929
Electricity

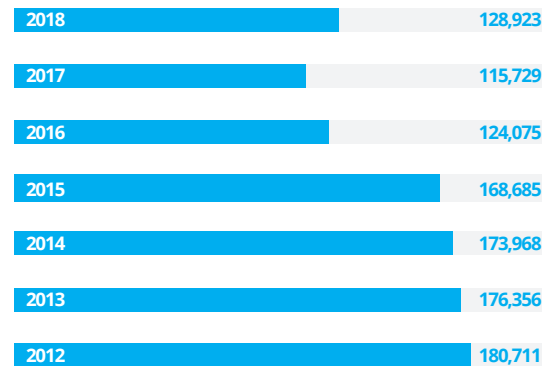


647
Company Fleet

Total Energy (GWh)



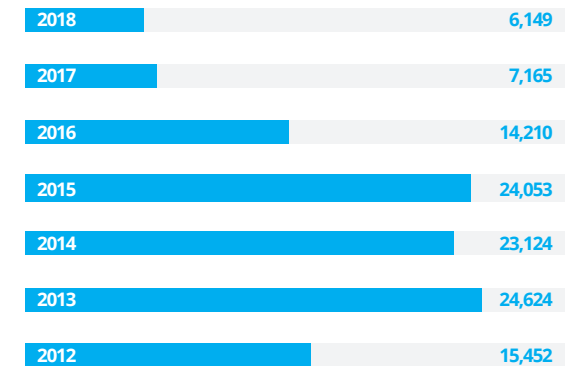
Total CO₂ emissions (tonnes) per year



Water Use

While Gas Networks Ireland is not a significant user of water, we do monitor and track usage. There has been a marked reduction in recent years as a result of improved performance and upgrading of offices, but also due to reductions in imported gas from UK and the increase in gas supply from Corrib. This has resulted in less usage of our UK turbine fleet and hence less water being consumed.

Water Consumption M³ Pa



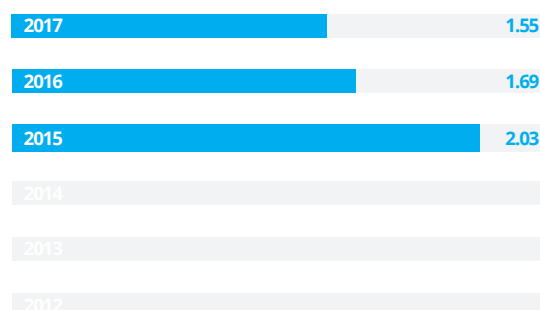
Our Carbon Performance of our Compressor Stations

Gas compressors are used by Gas Networks Ireland to move gas through and around the transmission system. As a participant in the European Emission Trading Scheme (ETS) Gas Networks Ireland has an emissions allowance for CO₂ emissions. Gas Networks Ireland is committed to monitoring and reducing emissions from these compressors. We are also required to comply with environmental legislation in respect of the compressors, such as noise monitoring and mitigation. In order to meet legal obligations, it is essential to develop and maintain a robust strategy for operations, maintenance, upgrading and replacement of the compressors.

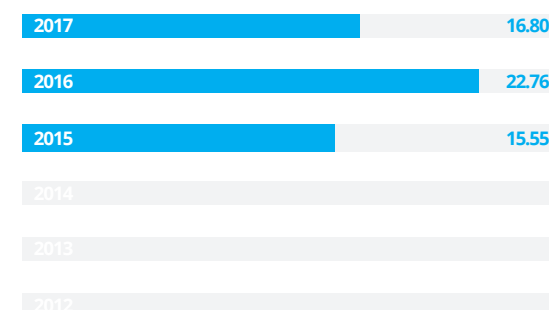
Carbon usage is a measurement of the tonnes of carbon emissions produced at each of the compressor stations based on fuel gas consumption. Emissions reduce with lower throughput, but increase when subjected to high flow variation (e.g. intra-day peaks). This variation refers to where the compressors are forced to operate outside their most efficient operating range.

A number of factors influenced emissions levels from our compressor stations. The decreased emissions are due to a large proportion of RoI gas coming from Corrib. Compression associated with Corrib is not operated by Gas Networks Ireland and therefore is not included above. The number of units running, power generation demand variation, and suction and discharge pressures on the network, all contribute to the level of emissions emitted by the stations. Methane emissions have increased generally due to demand issues and gas coming from Corrib.

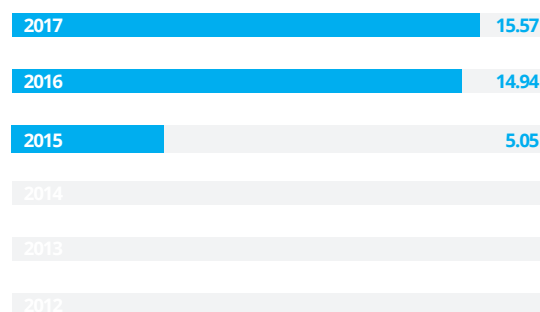
NOx emissions/energy used (Kg/GJ)



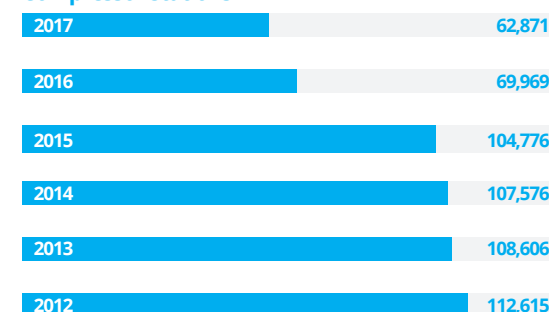
CO emissions/energy used (Kg/GJ)



CH₄ emissions/energy used (Kg/GJ)



GHG Permit CO₂ emissions (tonnes) from Compressor Stations





Social

Business Working Responsibly Mark

We focus our corporate responsibility activities around the communities we serve, our workplace and marketplace, and the environment we work hard to protect.

In 2018, Gas Networks Ireland achieved recertification to the Business Working Responsibly Mark, in line with ISO26000, from Business in the Community Ireland (BITCI).

The Mark is the only independently audited standard for Corporate Responsibility (CR) and Sustainability practices in Ireland, providing validation of the organisation's efforts to embed CR in our business practices. We are proud to be one of only 33 companies in Ireland who hold the Business Working Responsibly mark and to receive the Mark for the third consecutive period.

As holders of the Mark, Gas Networks Ireland is a member of the Leaders Group on Sustainability and co-chair of the Low Carbon Economy Group. In 2018, the business committed to the Low Carbon Pledge to reduce Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2030.

In 2018, Gas Networks Ireland was nominated for two corporate responsibility awards - Excellence in Community - Community Programme at the Chambers Ireland CSR Awards and for Excellence in Social Responsibility and Awareness at the CCA Awards.

Corporate Affairs Manager, Louise Browne with Corporate Responsibility Manager, Julie O'Donoghue and Head of Commercial & Corporate Affairs, Ian O'Flynn, at the Business Working Responsibly Mark presentation



Managing Director, Denis O'Sullivan, and Corporate Affairs Manager, Louise Browne, at a Gas Networks Ireland-hosted Low Carbon Economy group meeting



Community



Building strong relationships in the communities where we operate is fundamental to carrying out our business effectively. For us, being responsible in the community means investing in people, in their needs, in their interests and in their futures.

Our programmes focus on three core areas of education, employability and accessibility. Gas Networks Ireland supports a number of educational initiatives across Ireland promoting Science, Technology, Engineering and Maths (STEM), literacy, employability and the development of life skills.

Education

In 2018, we launched our new STEM education programme, Energize, in partnership with Junior Achievement Ireland (JAI) in primary schools across the country. The programme is available to 5,000 6th class students nationwide, with the objective to foster students' interest in STEM subjects, thereby encouraging students to pursue study of science subjects at second-level and careers in science.

Energize is a class-room style education programme based on the 'learning by doing methodology' and takes the place of our previous STEM programme, Our Universe, which ran from 2015 – 2018. The programme is made up of five modules spanning the fundamentals of science from renewable energy awareness to safety in the home, including carbon monoxide safety.

Each year, 200 volunteers from businesses around the country will be recruited, trained and supported by JAI to facilitate the roll-out of the programme.

The business also supported other STEM initiatives including the Midlands Science Festival and Engineers' Week.

More than 1,250 volunteering hours were delivered by Gas Networks Ireland employees in 2018, with over 450 of those in BITCI's Time to Read literacy programme for primary school children. Staff members contributed their time to provide reading support to second class pupils in Scoil Aiséirí Chríost in Cork and Mother of Divine Grace in Dublin. The programme has four key objectives: to increase the enjoyment of reading, to increase pupils' confidence, to encourage self-discovery and to improve comprehension.



Our Universe
Case study 2015 - 2018



15,667 students
participated



279 schools
involved



631 volunteers



22 counties

Community (continued)

Employability

The business also supported the Skills at Work programme which inspires secondary school students to value education and encourages them to stay in school. In 2018, the programme was delivered in conjunction with BITCI and our partner schools - Beneavin Secondary School in Finglas, Dublin and Nagle Community College in Mahon, Cork. The programme focuses on CV and interview skills including mock interview sessions, an insight into the daily working lives of Gas Networks Ireland employees and a site visit to our Dublin and Cork offices.

Cork boxer, Christina Desmond, with participants from the 2018/2019 Co-operation Ireland Cork Youth Leadership Programme



Accessibility

Gas Networks Ireland continued to support Co-operation Ireland's Cork Youth Leadership Programme for the fourth year, with 22 young people graduating in 2018. In 2017, we were delighted to develop our relationship with the organisation to launch the Dublin Youth Leadership Programme for young people who live close to our office in Finglas. A total of 18 young people completed the Dublin Programme in 2018. The Youth Leadership Programme encourages the personal development of participants through sport, engaging with their peers in Ireland and Northern Ireland, and becoming actively involved in their communities. The participants apply their learnings to community activity and undertake a social action project before graduating each summer.

Managing Director, Denis O'Sullivan, at the Dublin launch of the Co-operation Ireland Youth Leadership Programme



Environment

In 2018, Gas Networks Ireland partnered with Leave No Trace to offer teams the opportunity to take part in litter education team-building sessions. The sessions looked at the amount of time it takes for litter to decompose, followed by litter-picking to collect rubbish from the area. They were carried out at Garretstown Beach and Currabinny Woods in Cork, and Skerries Beach in Dublin.

The HSQE team participating in a Leave No Trace team building session at Skerries Beach



Stakeholder Engagement

Gas Networks Ireland understands and values the critical role our stakeholders play in our business. We have a comprehensive stakeholder engagement plan that takes a holistic, pragmatic approach to stakeholder engagement based on the internationally recognised Stakeholder Engagement Standard (AA1000SES).

We work with communities to ensure that construction projects in the locality cause minimum disruption, providing regular updates in local newspapers and on local radio about works. We recognise the importance of holding stakeholder sessions and supporting the community in towns where our network is expanding. In 2018, we held drop-in information sessions for local residents in Listowel and in Longford, as we delivered natural gas to the new Center Parcs site. We also sponsored Taste of Nenagh, Listowel Races and the Wexford Business Awards.

[Gas Networks Ireland hosting stakeholder session in Listowel, Co. Kerry as part of the Gas to Listowel Project](#)



Data Protection

Gas Networks Ireland is committed to meeting and exceeding our data protection obligations. All customer data is stored on encrypted systems that have appropriate segregation of duties. Gas Networks Ireland has TLS (Transfer Layer Security) in place with customer facing vendors, which encrypts all text within all emails. We also utilise firewalls, patching and anti-virus protection, and align ourselves to ISO27001. All staff and contractors have undertaken online GDPR training. Key customer facing staff have undergone mandatory classroom-based training in GDPR.

Human Rights

As part of the Ervia Group, Gas Networks Ireland conducts its business in a manner that respects the human rights and dignity of all people, endeavouring to comply with all applicable laws and regulations. Employees of Gas Networks Ireland are expected to value their fellow employees and to treat others with fairness, equality, dignity and respect. They are also expected to be alert to any evidence of human rights infringements in our direct operations or in the operations of our business partners and to report any situation in which a human rights infringement is suspected.

Gas Networks Ireland has a zero-tolerance approach to modern slavery (as defined in the UK Modern Slavery Act 2015). We are committed to acting ethically and with integrity in all our business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or our supply chains.

Anti-Bribery and Anti-Corruption

Across the Ervia Group, fraud, bribery and corruption are not tolerated and it is each employee's responsibility to report any discoveries or suspicions they encounter. Recently, the Criminal Justice (Corruption Offences) Act 2018 was enacted introducing a new strict liability offence for corporate bodies such as Gas Networks Ireland. This makes businesses liable for the acts of employees committing any offence pertaining to bribery or corruption, unless the business can show that it took all reasonable measures and exercised due diligence to avoid the offence taking place.

In 2018, an organisational wide risk assessment on fraud, bribery and corruption prevention was undertaken by internal audit with wide participation that ensured a complete and comprehensive review. In addition, a new Ervia-wide policy on Anti-Bribery and Anti-Corruption was introduced and a number of important steps were taken in line with our commitment to integrity. The application of the new anti-bribery and anti-corruption rules outlined in the policy relate to a wide range of activities and operations including hospitality, gifts, entertainment, sponsorship, donations, supply chain, lobbying and financial reporting. This new policy supports and complements other ethics related corporate policies including our Code of Business Conduct, the Anti-Fraud Policy, the Regulation of Lobbying Policy and the Protected Disclosures Policy. An awareness campaign to support the introduction of this new policy was rolled out in conjunction with mandatory training for all employees on the requirements of the new policy.

Workplace



Our employees are central to the success of our business. They are the driving force, the creative intelligence and the passionate energy behind all of our achievements. Investing in the workplace allows us to attract and retain the best people.

Work Safe Home Safe

Our Work Safe Home Safe programme continues to grow in scope and ambition. In 2018, a comprehensive programme of health and well-being initiatives were delivered across Gas Networks Ireland and the wider Ervia organisation. Key initiatives focused on increasing physical activity and improving wellbeing.

Agile Working

In 2018, Agile working solutions were introduced in Gas Networks Ireland enabling employees to work occasionally from home or to avail of late/early start and finish times. The organisation recognises that a flexible working environment is essential to attract and retain talented employees.

In 2018 we supported:



Subsidised canteens
in our Cork and Dublin
offices



Free Employee Assistance
Programme



Onsite gyms in Cork
and Dublin



Seasonal Flu
Vaccine

Gas Networks Ireland welcomed seven new apprentices to start the apprenticeship programme in the NSC this year.



Workplace (continued)

Our Offices

Gas Networks Ireland's Dublin office in Finglas was designed to encourage a healthy ecosystem. As part of its design, a grass roof was installed which helps contribute to habitat creation for a range of invertebrates and offers a food source to birds and pollinators.

Building designed by Denis Byrne Architects, Photograph courtesy of Paul Tierney



Learning and Development

We recognise that learning and development is important for all our employees, contributing to job satisfaction and career opportunities. It is also important for our business, ensuring that we have a skilled workforce to meet the challenges of an ever-changing work environment. Total training days in 2018 were 1,649.

In 2018 we supported:



Online learning platform
'LearnWorks'



Inspire Mentoring
Programme



Engineers Ireland
Continuing Professional
Development



Leadership Development
Programme

Employee Engagement

Gas Networks Ireland recognises the importance of two-way dialogue in the organisation. Employees are informed of developments within the organisation, as well as external matters, allowing staff to raise issues and provide feedback.

In 2018 we supported:



Employee publications
'Staying Connected'
e-zine, 'Connect'
magazine



Intranet portal
'The Zone'



Executive Open Door
sessions



Employee forum
meetings



Employee award
programmes



Economic

Economic

Economic sustainability refers to practices that support long-term economic growth without negatively impacting social, environmental, and cultural aspects of the community.



Natural gas is of key strategic importance to the Irish economy, representing approximately 29% of Ireland's energy mix and generating 52% of Ireland's electricity.

Gas Networks Ireland's aim is to deliver an excellent, efficient and cost-effective service that benefits all customers. Growth in new domestic and commercial connections to the network will continue to be our priority whilst offering economic and environmental benefits for the country by reducing fuel costs, saving fuel and lowering emissions.

Natural gas is also the ideal partner for renewable energy sources such as wind and solar. Renewable gas in particular can ensure that Ireland has a robust, renewable and sustainable indigenous energy source as part of its energy mix into the future. We will continue to work hard to earn the trust and support of our customers and stakeholders by providing best-in-class infrastructure and services to meet and exceed the economic and social needs of our country.

In 2018, Gas Networks Ireland delivered a strong financial performance. With safety as a priority for our assets and operations, we invested €145m in gas network infrastructure and focused on driving growth and increasing new connections. Moving our network towards a low carbon energy future, we completed site acceptance testing of the first renewable gas injection facility in Cush, Co. Kildare and commissioned Ireland's first publically-accessible Compressed Natural Gas filling station.

Through our telecoms business, Aurora Telecom, we announced plans to enhance Ireland's digital connectivity and started works on the final portion of a second Dublin to Cork fibre optic link. New connections to the gas network continued in 2018 with 10,727 new commercial and residential customers contracted.

Economic (continued)

During 2018, we continued to support the implementation of the Gas Market Operator in Northern Ireland which went live in late 2017, improving commercial operations for all Northern Ireland gas shippers.

We secured funding in December of €100m from the European Investment Bank as part of the investment in the country's energy network. The funding enables us to continue to modernise and extend Ireland's gas network, including the completion of the Scotland – Ireland Interconnector Project.

Key 2018 projects delivered:



40km feeder main bringing natural gas to Kerry Ingredients and the town of Listowel



28km feeder main bringing natural gas to Center Parcs and Ballymahon, Co. Longford



Capital works in Brighthouse Bay and Beattock compressor stations in Scotland, overhauling the gas cooling and air-intake systems



Significant multi-utility project in Wexford Town bringing gas and water infrastructure upgrades



49.4km twinning pipeline project in Scotland



Construction of a second Compressed Natural Gas facility in Dublin Port



Principal Risks and Uncertainties

The regulated and operational complexity of our business exposes the Company to a number of risks. Understanding our risks will enable the Company to make informed decisions and ultimately create added value for our stakeholders.

- ▶ The Company has a comprehensive risk framework supported by Ervia's risk policy and procedures. This includes processes to identify key risks, mechanisms to design and implement controls and associated actions to manage key risks.
- ▶ The Company has a quarterly risk governance process in place which:
- ▶ undertakes a review of the internal and external environment to assess new and emerging risks, high impact but low probability risks and any changes to known risks;
- ▶ considers internal and external stakeholder management, delivery of the Company's strategy and ongoing business operations;
- ▶ identifies the nature, extent and financial implication of risks facing the Company;
- ▶ assesses the impact and likelihood of identified risks occurring;
- ▶ assesses the Company's ability to manage and mitigate the risks that may occur through putting appropriate controls and actions in place; and

- ▶ reports the Group risk profile to the Ervia Group Risk Management Committee and onwards to the Audit and Risk Committee of the Ervia Board.

In determining the Company's principal risks and uncertainties, factors such as the external environment, our internal and external stakeholder engagement and the enterprise risk management approach are key considerations. The Directors consider that the following are the principal risk factors that could materially and adversely affect the Company's future operating profits or financial position.

Health, Safety and Environment

A major health and safety incident could cause significant impact and harm to an employee, contractor or the general public. An environmental issue could result in contamination, public safety or a security of supply risk. The Company is committed to the highest possible safety standards and to managing all aspects of operations in a safe and environmentally responsible manner. The Company operates a comprehensive safety management system that ensures Gas Networks Ireland designs, constructs, operates and maintains the network through the use of technically competent personnel to provide the highest levels of safety performance. The

Company actively promotes enterprise wide safety initiatives.

Network Security of Supply

The inability of Gas Networks Ireland to maintain sufficient gas supply to meet existing and future demand could result in reputational and financial damage. Ireland's 2018 National Risk Assessment examined the Company's ability to meet gas demand in the event of failure of the largest infrastructure supplying the country and acknowledged Gas Networks Ireland has increased security of supply to Ireland with the commissioning of a 50km on shore pipeline in South West Scotland. Gas Networks Ireland continue to ensure that a resilient, robust and safe gas network is maintained to ensure security of supply to customers through appropriate and efficient investment.

Critical IT Infrastructure

A cyber-attack or a data breach on information technology assets as a result of an external attack or internal data leakage could result in reputational and financial damage. Dedicated resources manage our critical IT infrastructure, with a strong focus on cyber-security and data protection. Managing our critical IT infrastructure and our resilience to a cyber-attack or a data

breach is a priority, in parallel with ensuring the availability of core IT systems necessary to support key business operations.

In line with the external environment, the Company continues to enhance its security around IT infrastructure. There is a constant focus on increasing security awareness and implementing appropriate IT security controls across the organisation.

Growth and Decarbonisation

Decarbonisation of energy remains one of the biggest challenges facing Ireland. EU and Irish energy policies are targeting the long term reduction in fossil fuels, including natural gas (which is the cleanest fossil fuel) resulting in a risk of under-utilisation of the gas network and tariff increases. Gas Networks Ireland is committed to becoming a leader in compliant, sustainable infrastructure development and service provision in Ireland.

Gas Networks Ireland has established CNG as an alternative fuel source for heavy goods vehicles, supporting decarbonisation in the transportation sector and is driving the renewable agenda through the introduction of renewable gas injection facilities on its network. Gas Networks Ireland is currently exploring the feasibility of carbon capture and storage technologies for integration into the gas grid. The

Company is dedicated to transitioning to a renewable gas network to support organisational growth and a sustainable low-carbon economy.

Third Party Service Delivery

Gas Networks Ireland relies on a number of key contractors and suppliers to deliver its annual maintenance and capex programmes. Failure to deliver these critical programmes could lead to an operational impact for the gas network. The Company is actively addressing the risk through close relationship management and the preparation of detailed contingency arrangements.

Customer Experience

Gas Networks Ireland is committed to putting our customers first and maintaining the trust and support of our customers. The Company continuously seeks to improve the levels of service that it provides on a daily basis to customers, and aims to achieve service excellence in all aspects of the business. Gas Networks Ireland's Customer Charter outlines the Company's commitment to our customers. The Company has a comprehensive and clear Stakeholder Engagement Strategy and Brand Strategy in place.

Extreme Weather Events

There are short term and long term impacts to the delivery of gas due to increased frequency and intensity of extreme weather events (e.g. Storm Ophelia or Emma). Gas Networks Ireland's operations withstood the severe weather experienced during 2017 and 2018, however there is increased frequency and intensity of climate change events. For day to day delivery of gas services there are comprehensive resilience plans in place. A Working Group for Climate Change Adaption Plan for Electricity and Gas Networks Sector is also in place.

Customer, Reputation & Stakeholder

Awareness and understanding of the critical service role that Gas Networks Ireland undertakes is key. Trust, confidence and support must be gained from our customers and stakeholders. A failure to gain awareness and understanding could result in an inability to deliver key organisational objectives. There are strategies in place to inform and engage customers and shareholders in public engagement on key projects.

Our People

To support the delivery of our business objectives, we need to have the right organisational structure, the right people and the right culture in place. Significant organisational transformation increases the risk of organisational stress. An Organisational Design Steering Group is in place and a Work Force Planning process has been established. Engagement and Culture surveys take place, with ongoing continuous improvement processes.

For and on behalf of Gas Networks Ireland



Mike Quinn

Director



Denis O'Sullivan

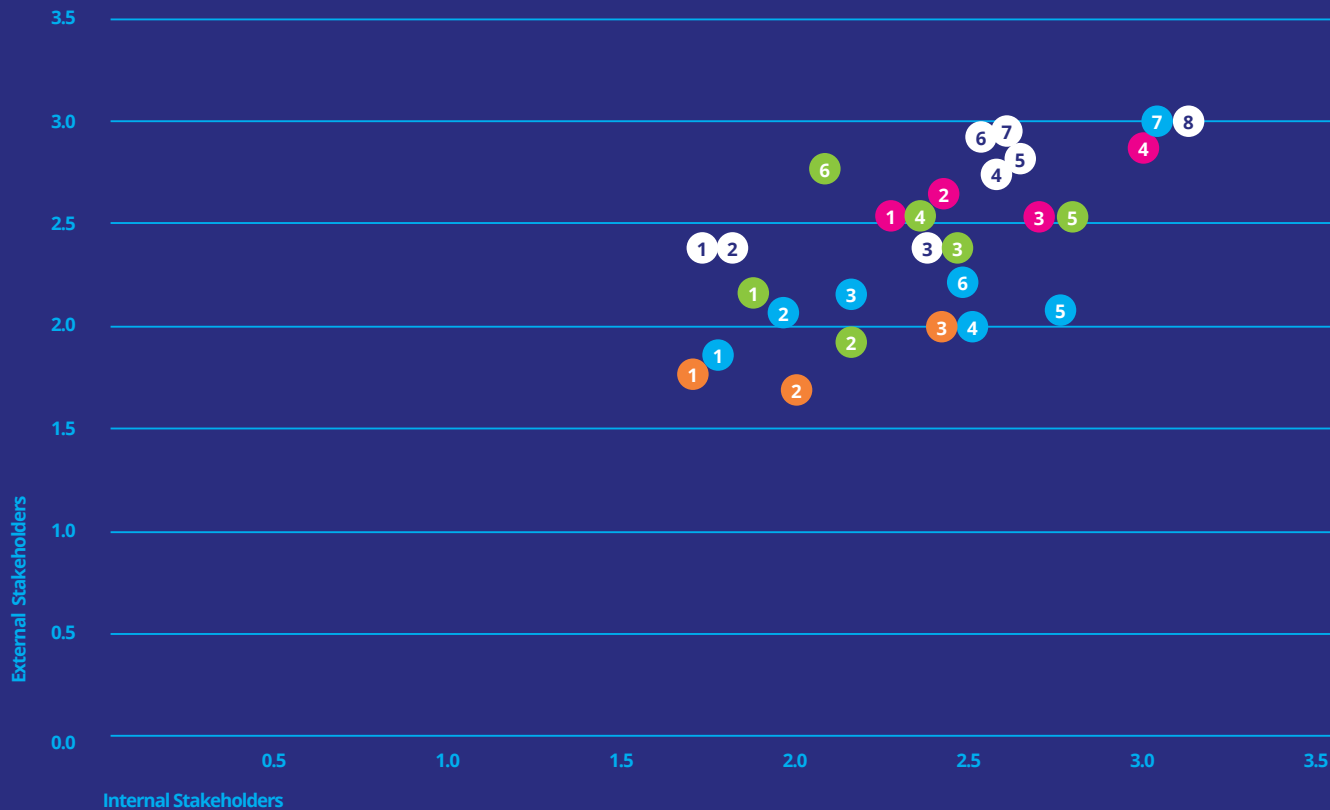
Director

Date of Approval

25 March 2019

Appendix 1 - Materiality

Materiality helps us identify and prioritise the non-financial and sustainability issues that matter most to our business and stakeholders. The materiality matrix below shows the results from our 2016 assessment.



CR Governance / Economic

- 1. Managing and Delivering Sustainable Practices
- 2. Stakeholder Engagement
- 3. Public Policy
- 4. Regulatory Compliance

Workplace

- 1. Change Management
- 2. Diversity
- 3. Employee Rewards & Recognition
- 4. Learning and Development
- 5. Employee Wellbeing and Worklife Balance
- 6. Employee Engagement/Satisfaction
- 7. Employee Safety

Marketplace

- 1. Product Service Development
- 2. Sustainable Procurement
- 3. Economic Value
- 4. Business Conduct
- 5. Risk Management
- 6. Customer Privacy and Data Protection
- 7. Network Safety
- 8. Customer Relationships

Community

- 1. Philanthropic Donations
- 2. Employee Participation
- 3. Community Engagement

Environment

- 1. Biodiversity
- 2. Transport
- 3. Carbon Emissions
- 4. Energy Management and Efficiency
- 5. Climate Change (Incl Adaptation)
- 6. Pollution

Appendix 2 - Policies

	Environmental matters	Social and employee matters	Respect for human rights	Bribery and corruption
Policies pursued	Environmental Policy Energy Policy	Corporate Responsibility Policy GDPR Policy Safety Policy Dignity at Work Policy	Code of Conduct Statement on Modern Slavery	Anti-Corruption and Anti-Bribery Policy
Description of the outcome of those Policies	<p>The application of the Environmental and Energy Policies ensures that all persons working for or on behalf of Gas Networks Ireland are responsible for adhering to environmental and energy requirements and achieve high environmental standards.</p> <p>The application of the Environmental Policy addresses the key areas of climate change, biodiversity, waste, resource use and procurement.</p> <p>The application of the Energy Policy specifically addresses issues of energy performance and energy efficiency.</p>	<p>The application of the Corporate Responsibility Policy ensures implementation of Gas Networks Ireland's Corporate Responsibility strategy. This has resulted in the recertification of the Business Working Responsibility mark, in line with ISO26000 from Business in the Community Ireland.</p> <p>The application of the GDPR Policy ensures that Gas Networks Ireland meets and exceeds its data protection obligations. All staff and contractors have undertaken online GDPR training.</p> <p>The application of the Safety Policy ensures that a comprehensive programme of health and well-being initiatives are delivered across the business.</p> <p>The application of the Dignity at Work Policy ensures that Gas Networks Ireland will not tolerate any form of bullying, harassment or sexual harassment in or affecting the workplace. The Policy implementation prevents and deters such behaviours and where it occurs to have the effective procedures in place to address the matter.</p>	<p>The application of the Code of Conduct ensures that all persons working for or on behalf of Gas Networks Ireland conduct its business in a manner that respects human rights and dignity of all people.</p>	<p>The application of the Anti-Corruption and Anti-Bribery Policy is core to the integrity of Gas Networks Ireland, its reputation and long term success. Any instances of bribery perpetrated will result in disciplinary action, up to and including dismissal. Compliance with this Policy forms part of the terms of employment with and of the terms of its doing business with our contractors or agents.</p>



Image submitted by Des Carey as
part of a Biodiversity of Ireland Staff
Photograph Competition.

