

CODE OF BUSINESS CONDUCT FOR ESB BOARD MEMBERS

Intent and Scope

The Board has determined that specific guidance on ethical standards should be provided to Board members. In addition, the Code of Practice for the Governance of State Bodies requires ESB to adopt a Code of Business Conduct for its Board Members. Accordingly the Board has approved this Code of Ethical Standards and Business Conduct for ESB Board Members. This Code also applies to ESB nominees of Boards of Subsidiary and Associated Companies.

Objectives

The basic objectives of this Code are:

- the establishment of an agreed set of ethical principles as more fully set out below;
- the promotion and maintenance of confidence and trust in ESB including the protection of the good name of ESB;
- the prevention of the development or acceptance of unethical practices.

General Principles

Integrity

Board members should behave with integrity. This will require:

- disclosure by Board members of outside employment/business interests in conflict or in potential conflict with the business of ESB as more fully described below;
- avoidance of the giving or receiving of corporate gifts, hospitality, preferential treatment or benefits of any kind which might affect or appear to affect the ability of the donor or the recipient to make independent judgement on business transactions;
- commitment to compete vigorously and energetically but also ethically and honestly;
- ensuring a culture of claiming expenses only as appropriate to business needs and in accordance with good practice in the public sector generally;
- ensuring that all statements or publications issued by ESB are accurate and truthful;

- avoidance of use of ESB's resources for personal gain, for the benefit of persons/organisations unconnected with ESB or its activities or for the benefit of competitors; and
- commitment not to acquire information or business secrets by improper means.

Confidentiality and Accountability

Board should take all reasonable steps to ensure that information is handled responsibly by ESB, including:

- support for the provision of access by ESB to general, non-commercially sensitive information relating to ESB's activities in a way that is open and enhances its accountability to the general public.
- respect the confidentiality of sensitive information held by ESB. This would constitute material 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 ESB.
- observance of appropriate prior consultation procedures with third parties where, exceptionally, it is proposed to release sensitive information in the public interest.
- compliance of with relevant statutory provisions (e.g. data protection legislation, the Freedom of Information Acts, 1997 and 2001).

The unauthorised release of confidential information, directly or indirectly to third parties, including the media, represents a gross breach of trust which can be highly damaging to the Company. The Board has resolved that as a rule the Chairman and Chief Executive or persons authorised by either of them should deal with the media on commercially sensitive matters relating to ESB. Board members are asked to exercise prudent judgement including, where appropriate, redirecting any media queries to the Chairman or Chief Executive.

Members should take particular care to safeguard adequately all Company documents. A Member, on ceasing to be such, is hereby advised that all Company documents in her or his possession should be returned to the Company. Pending such return the strict duty of confidentiality remains.

Obligations

Board members should take all reasonable steps to ensure that ESB:

- fulfils all regulatory and statutory obligations imposed on ESB;
- complies with all applicable tendering and purchasing procedures, as well as complying with prescribed levels of authority for sanctioning any relevant expenditure;
- introduces controls to prevent fraud including adequate controls to ensure compliance with prescribed procedures in relation to claiming of expenses for business travel.

In addition Board members should:

- use their reasonable endeavours to attend all Board meetings; and
- conform with procedures laid down by the Board in relation to conflict of interest situations, including in regard to acceptance of positions following membership of the Board which may give rise to the potential for conflicts of interest and to confidentiality concerns;
- promote throughout ESB the highest standards of business ethics.

Loyalty

Board members should be loyal to ESB and fully committed to the success of its business activities while giving due account to the interests of ESB's owners, customers, employees, creditors and other stakeholders.

Fairness

Board members should take all reasonable steps to ensure:

- compliance with employment equality and equal status legislation;
- commitment to fairness in all business dealings; and
- that customers are valued and that all customers are treated equally.

Work/External Environment

Board members should take all reasonable steps to ensure that:

- the highest priority is placed on promoting and preserving the health and safety of employees;
- to ensure that ESB's obligations to local communities and at national level are fully considered;
- any detrimental impact of ESB's operations on the environment is minimised; and

- that all suppliers are treated fairly and should each have a reasonable opportunity to compete successfully for business.

Conflicts of Interest

Board members are governed by the following:

- Section 11 of the Electricity (Supply) Act 1927 prohibits Board Members from having shares in any electrical undertaking;
- Section 20 of the Worker Participation (State Enterprises) Act 1977 which requires Board Members to disclose any interest in any arrangement to which the Company is party and not to vote on the matter;
- The Ethics in public Office Acts 1995 and 2001;
- The Code of Practice for the Governance of State Bodies;
- Regulations of the Electricity Supply Board.

Detailed briefing on all of these obligations is provided to Board members on appointment and annually thereafter.

In summary these obligations require that where a Board Member is interested directly or indirectly, otherwise than in his/her capacity as a Board Member, in any matter before the Board, the Member shall disclose such interest to the Board and withdraw from the meeting or the deliberations of the board while the matter is being dealt with and shall not vote on the matter.

Each member on appointment and thereafter at least annually (and more frequently if there are changes in his/her disclosable interests) shall register with the Secretary details relating to disclosure of interests. Where an actual conflict of interest arises this should be brought to the notice of the Secretary to the Board as soon as possible.

The Chairman of the Board has a determining role where an issue in regard to a conflict of interest arises.

Members in dealing with third parties should be careful not to suggest or to imply that they are prepared to intervene with the Company on their behalf in any unusual or abnormal fashion.

Former ESB Board members in considering whether or not to accept any position or role are asked to give due weight to whether the position or role would:

- be likely to compromise their ability to comply with continuing obligations to respect the confidentiality of information obtained as a Board member of ESB;
- be likely to cause material damage to ESB if such damage would not otherwise have arisen had they not been a Board member of ESB.

The Employee Code of Business Conduct complements this Code of Business Conduct for Board members as both seek to apply the same ethical principles.

The Board requires its members to observe the highest ethical standards based on the Board's conviction that good example from the Board will ensure that proper ethical values are promoted at all levels in the Company.

Review

This Code and the corresponding Code for employees will be reviewed annually by the Board.

January 2010.