

# ESB Employee Code of Business Ethics







## Introduction

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In recent years, important changes have taken place in the area of corporate governance. These changes have arisen in part from many different types of high profile corporate scandals, but also from a persistent push to ensure openness and integrity in the manner in which business operations are transacted across the world.

These changes have been widely welcomed, as it ensures that there is fairness in global business transactions. However, it also means we all must continue to adhere to best practices in everything we do, in order to achieve this. The legal implications of any breach on the part of either ESB, or any individual, have become more rigorous over the last number of years. ESB has always enjoyed a reputation for integrity and equality in the way in which we operate our business transactions. Our brand is recognised for this, as well as for its technical and commercial excellence. It is imperative that we continue to protect this good reputation.

Therefore, these guidelines have been devised to support and safeguard you as you carry out your job, by ensuring you comply with the highest levels of business ethics. The guidelines are designed to offer clear and comprehensive advice. However, should you have any queries, or are in any doubt, you should consult your line manager or any senior manager in ESB. Alternatively, you can phone the confidential helpline, as listed in the booklet.

It is essential that we strive to protect our company's reputation. All company employees are custodians of our reputation, and compliance with ESB Code of Business Ethics is mandatory.

**Padraig McManus**  
CHIEF EXECUTIVE.  
2009.

## Executive Summary

The Code applies to all employees of ESB and sets out clear standards and principles which employees must apply to their activities.

The underlying principle of the Code is that employees will strive to perform their duties in accordance with the highest standards of integrity, loyalty, fairness, and confidentiality and that they will abide by all legal and regulatory requirements to enhance the reputation of the ESB Group.

The company has an obligation to ensure this Code is implemented by providing proper awareness training to employees and facilitating resolution of practical problems faced by employees.

Each employee has an obligation to know and understand not only the policies contained in the Code, but also the values upon which they are based. In addition, employees have an obligation to comply with the letter and spirit of the Code and help others do the same.

### In summary:

- 1) ESB is not interested in any contract, deal or business opportunity that requires any staff member to act unethically or fraudulently.
- 2) If you are uncomfortable with a situation, always seek guidance or support from a senior manager or call the confidential helpline.
- 3) There are clear guidelines, policies and procedures for all aspects of our business which you must adhere to, so make sure you are familiar with those relevant to your work.

### The key objectives of this Code of Business Ethics are to:

- > Establish an agreed set of ethical principles in line with best practice;
- > Give clear advice and practical guidance to employees to ensure compliance with the requirements of the Code;
- > Meet the requirements of relevant regulatory bodies;
- > Avoid adverse publicity associated with non-compliance;
- > Prevent the adoption of unethical practices; and
- > Preserve and enhance the reputation and integrity of the ESB Group.

The rest of this document sets out in more detail our code of ethics and other matters that you may find useful.



As representatives of the ESB Group, we must all operate, and be seen to operate, to the highest standards of business ethics. It has taken hard work over many years to establish our reputation. This can only be maintained by continuing to operate to the highest standards and best governance practice. The general principles of conduct for all employees, irrespective of level or location, are as follows:

### **Integrity**

Each employee's behaviour impacts on the reputation of the Group. Employees are expected to act with integrity and honesty while carrying out their responsibilities in compliance with the standards set out in this Code. This is a key principle and should govern your actions and decisions.

All employees must confirm their commitment to the disclosure of any outside employment and/or business interests which may be interpreted as being in conflict, or in potential conflict, with the business activities of the Group.

### **Employees are expected to ensure that:**

- > The Group's resources are used in pursuit of Group business and are not used for personal gain, directly or indirectly;
- > The Group's financial accounts and reports accurately reflect performance and are not misleading or designed to be misleading;
- > The receipt of gifts, hospitality, preferential treatment or benefits that might reasonably be thought to influence an employee in the performance of their duties are avoided;
- > The conduct of purchasing goods/services is in accordance with best practice; and
- > Expenses claimed are appropriate to business needs and in accordance with good practice.





### **Loyalty**

Employees' primary duty of care, above all other concerns, is to promote the interests of the Group as a whole.

Employees acknowledge the responsibility to be loyal to the Group and to be fully committed to all of its regulatory and business activities.

Employees acknowledge and accept the duty to conform to the highest standards of business ethics.

### **Legality**

Employees have a responsibility to ensure that all of our business activities comply fully with the laws and regulations of the countries in which we operate.

Employees acknowledge the responsibility to fulfil all regulatory and statutory obligations imposed on the Group by legislation and other statutory authorities.

Each employee holding a Designated Position of employment must ensure his/her compliance with the provisions of the relevant Ethics and Standards in Public Office legislation.

### **Confidentiality**

Employees should treat all information obtained through their role as confidential.

Employees may not, without the specific approval of the Board, the CEO or an officer authorised to act on behalf of the Board, release information in respect of any aspect of the Group's, activities to any third party (including the news media), other than when they are required to by law.

These obligations do not cease when employment in the company has ended.

Employees must not acquire information or business secrets by improper means.

The requirements do not apply to information already in the public domain.

Employees must comply with relevant legislation and licences.

### **Fairness and Respect for Others**

Employees are, at all times, committed to fairness in the Group's regulatory and business dealings and in dealings with each other and with those engaged by the Group to assist in its work.

As well as being responsible for their own conduct, employees also have a duty to treat their colleagues, customers and suppliers with courtesy and respect and have due regard for their safety, health and welfare. All employees should refrain from discriminating against anyone on the basis of gender, marital status, family status, age, disability, sexual orientation, race, religion, membership of the traveller community or any other prohibited category. All employees are recruited and promoted on merit. For more details on all ESB HR policies, please go to <http://esbnet/>.

All suppliers are entitled to fair treatment and should each have a reasonable opportunity to compete successfully for business.

The Group is committed to maintaining a work environment that is free from discrimination or harassment and to providing a safe working environment for all its people.

The Group strives to ensure that community concerns in relation to the environment are fully considered and will continue working to minimise any detrimental impact which our operations may have on the environment. In that regard, employees also acknowledge their duty to continually develop awareness of the need to protect the environment for the benefit of future generations.





## Application of Ethics and Values within the Business

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### Financial Integrity

Financial control procedures in ESB exist to help protect assets, financial integrity and business information of the company.

The objectives of these procedures are to:

- a) Identify and manage key risks;
- b) Appropriately authorise and accurately record transactions; and
- c) Prevent inefficiency and/or fraud.

These objectives are delivered through:

- a) A clear and effective control framework;
- b) Local control reviews;
- c) Year-end external audits;
- d) Risk review; and
- e) Year-end review of controls.

Each business/location should have appropriate and clearly defined authority and financial procedures and these should be agreed with the business area financial controller.

At year-end, a sign off on adherence to Corporate Governance and that effective internal controls have been in operation is completed.



### **Procurement**

Purchasing/procurement in ESB is governed by ESB purchasing procedures (which adhere to EU procurement regulations). It is the policy of ESB to acquire all bought-in works, supplies and services above local purchase limits by open and competitive tender. Please visit <http://esbnet/> for detailed ESB purchasing procedures.

ESB employees must disclose any actual or potential conflict of interest that may arise in the course of their purchasing responsibilities. Any employee in this situation should refrain from any further involvement in the purchasing decision.

ESB employees must not accept any gifts that could contribute to or be perceived as a bribe, kickback or bartering from any supplier. Anyone being offered such an inducement should immediately bring it to the attention of their manager.

### **Gifts and Entertainment**

An important element of any successful business arrangement is the ability to effectively manage key relationships: existing and potential customers, suppliers, government or regulatory officials and other third parties. There are social interactions which typically arise with such people that are part and parcel of doing business, but there are sensible boundaries to these, which need to be observed to protect ESB from damaging accusations of undue influence or bias.

For example, it can be customary at Christmas to send or receive gifts of small value to staff, suppliers or clients that we have been dealing with during the year. This is acceptable provided:

- > The gift is unsolicited, and of low value (such as a bottle of wine);
- > Not more than one gift is accepted from a single source each year; and
- > Details of all gifts are provided to your line manager.



Staff and client entertainment is also a typical feature of doing business, and is acceptable, provided it is within reasonable boundaries, such as a meal at a local restaurant or a ticket to a sporting event at a local venue. Accepting a weekend away, flights or a residential stay in a hotel paid for by a client, or gifts of cash or vouchers would clearly not be acceptable.

If foreign travel is necessary for investigation of or sale of products or services, ESB will pay for the trip.

In all cases, details must be provided to your line manager.

These examples are intended to provide guidelines to staff in deciding what is and is not acceptable behaviour in dealing with third parties during the course of our work. In many cases, the right answer will be obvious, but if employees are in any doubt, their line manager should be consulted.

In summary, staff should not accept gifts, benefits, sponsorship or hospitality of any kind that could be deemed to influence and/or secure favourable treatment from the employee or ESB. Particular care should be exercised when tender processes are being conducted.

### **Business Development Activities**

ESB believes in a healthy rivalry with our competitors and we support a free, open, competitive marketplace, which gives us the opportunity to succeed. Staff involved in business development should ensure that they are familiar with the relevant laws and customs of the country in which they are doing business and should comply with ESB Corporate Governance Guidelines.

### **Data Protection**

Employees must comply with relevant legislation and internal information security policies including data protection legislation and the provisions of the Freedom of Information Act. Employees must also support the provision of public access to general information about the Group's activities, in an open and accountable way. However, the confidentiality of sensitive information that may be held by the Group must be respected at all times.

### Dos & Don'ts

The following is a checklist of acceptable and unacceptable actions and behaviour for all ESB staff, and those that are prohibited.

#### Staff members must:

- > Always conduct our business with integrity;
- > Recognise where there is a potential conflict of interest between our work in ESB and any outside personal interest and deal with it appropriately;
- > Inform their manager or another senior manager if any conflicts arise;
- > Ensure that their work is in compliance with all applicable laws and regulations (including taxation) in the countries in which we operate;
- > Make themselves aware of all ESB procedures and policies and report any breaches to their line manager; and
- > Call the confidential helpline if they are aware of, or suspect fraudulent or unethical activity, and they cannot for some reason report it to their line manager or another ESB senior manager (see details below).

#### Staff members must not:

- > Give or receive any inducements which are or could reasonably be perceived as unethical or illegal;
- > Accept any money, significant gift, material or service from a customer or supplier;
- > Utilise ESB tools, equipment or resources for non-ESB business activities or purposes;
- > Break any law or regulation;
- > Participate in any decision/transaction where an undisclosed conflict of interest exists;
- > Disclose details of confidential company information to third parties, unless required by law to do so;
- > Behave in any manner which may damage the reputation of ESB Group; or
- > Seek to influence the recruitment or employment decisions of suppliers or contractors.



## Situations

The following are some examples of situations in which these guidelines may apply:

During tender evaluation, the client representatives make it known to you that if you agree to make a payment to the client representative/third party, the client will award you the contract. What do you do? **Refuse the offer and report it to your manager.**

As project manager, you need to get professional advice relating to the project. What do you do? **You follow ESB/Site procurement procedures which describe how you appoint professional advisors.**

A supplier asks you out to dinner to update you on their latest product/service. What do you do? **If the product/service is of interest to the business, you can accept the offer of dinner.**

A supplier offers to pay for you to go on a weekend away to attend a sporting event, conference or sales show. What do you do? **You should refuse. If you need to attend the conference for business reasons, ESB will pay the cost.**

A supplier sends you an expensive gift (e.g. a Rolex watch). What do you do? **Advise your manager and return the gift with a note thanking the client for the offer and advising them that it is against company policy to accept such gifts.**

A family member owns a company that supplies goods/services to ESB. Is that a prohibited conflict of interest, no matter what part of ESB Group you work in? **You should disclose this to your manager and exclude yourself from dealing with this company.**

A supplier offers you cash in return for their company winning a contract. What do you do? **You decline the cash, report the incident to your manager and in general the supplier will thereafter be disqualified from tendering for ESB work.**

An agent/client advises you that for the payment of €1,000, either directly to them or to a third party, they can arrange for your company to be awarded the contract. What do you do? **You refuse the request and report it to your manager.**





A neighbour has asked you to carry out some repairs in his house. Can you use your ESB tools and equipment to help out? **It is not acceptable to use ESB tools, equipment and resources for non-ESB business.**

Your local sports club is completing a new development. Can you ask business contacts who you know through your work if they would be interested in buying advertising? **No, it is inappropriate to put contacts/suppliers in a position where they may feel pressurised to agree.**

You learn that a supplier has new positions of employment to offer. Can you mention that a relative/friend may be interested? **No, it is inappropriate, given the business relationship and is a conflict of interest.**

An important supplier has invited you to attend an outing for his key clients. Can you attend? **You can attend provided it has a clear business justification and could not be deemed to influence and/or secure favourable treatment from ESB. Particular care should be taken to avoid hospitality during tender processes. Details of the outing should be provided to your line manager.**

You are doing a thesis in college. Is it acceptable to use information about company plans and strategies? **You should discuss this with your manager and seek specific approval in advance. Steps must be taken to protect the confidentiality of sensitive ESB information and comply with relevant legislation.**

# Framework for Ethical Decision Making Process

As a guide in deciding on a course of action, follow these steps and ask yourself these questions:

## Recognise the Event, Decision or Issue

- > Are you being asked to do something that you think might be wrong?
- > Are you aware of potentially illegal or unethical conduct on the part of others at ESB or at a customer?
- > Are you trying to make a decision and are you unsure about the ethical course of action?

## Think Before You Act (Summarise and clarify your issue)

- > Ask yourself, why the dilemma?
- > Consider the options and consequences.
- > Consider who may be affected.
- > Consult others.

## Decide on a Course of Action

- > Determine your responsibility.
- > Review all relevant facts and information.
- > Refer to applicable ESB policies or professional standards.
- > Assess the risks and how you could reduce them.
- > Contemplate the best course of action.
- > Consult others.

## Test Your Decision

- > Review the 'Ethics Questions to Consider'.
- > Apply 'ESB values' to your decision.
- > Make sure you have considered ESB policies, laws and professional standards.
- > Consult others - enlist their opinion of your planned action.

## Proceed With Confidence

- > Communicate your decision and rationale to stakeholders.
- > Reflect upon what was learned.
- > Share your success stories with others.



## Code of Business Ethics Violation

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In a formal disciplinary matter relating to the Code, the staff member concerned shall be given a copy of the disciplinary procedure and advised at the start that he/she has the right, during all phases of the disciplinary process, to the assistance of and representation by a union, friend or colleague if desired.

The Disciplinary Procedures, as set out in Annex 3 of the 2002 Comprehensive Agreement on Procedures and Main Conditions of Employment for all Staff within ESB, will apply. ESB have their own disciplinary process applying to subsidiary company employees. Violation of the Code is considered an extremely serious breach of discipline and anyone found guilty of such violation following a disciplinary hearing will be penalised in such a way as to reflect the seriousness of the offence.

## Confidential Helpline

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Calls in the Republic of Ireland: 1800 481 098. International calls: 00 353 1 703 7201.  
This facility operates 24 hours a day, seven days a week.

### **What is the Confidential Helpline?**

ESB has set up a service which staff can use to report cases of suspected fraud and ethical issues within the Group. The helpline offers a safe, confidential and, if necessary, anonymous means for staff to report illegal or unethical behaviour. This is suitable for individuals who would otherwise feel uncomfortable approaching their manager. The service is managed and operated by an independent company, completely separate from ESB.

### **Why introduce a Confidential Helpline Service?**

The Board of ESB has agreed to endorse an alternative way for staff members to voice in a confidential way their genuine concerns about suspected fraud. If staff members for any reason cannot report fraud or ethical concerns to their immediate manager, there is now an easy way for them to raise these issues.

### **What happens when you contact the helpline?**

Trained operators will ask you for details of your suspicions and will guide you through a series of questions to fully describe the suspected fraud or ethical concern. All concerns raised by ESB staff members will be treated seriously and confidentially.

ESB Group Internal Audit will receive reports from the confidential helpline service and will follow up on each and every case of suspected fraud through an internal inquiry or a more formal investigation and take corrective action. The confidential helpline service may contact the person making the call again to get more information to allow the investigation to be progressed.

All investigations will be strictly confidential.

ESB would like to assure all staff members that if they raise issues in good faith, they will not face victimisation or unfair treatment as a result.

