
Northern Gas Networks

Code of Conduct

Effective from 1 October 2011

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CODE OF CONDUCT

Policy Summary

This Code of Conduct has been approved by the Board of Northern Gas Networks Limited. Changes to the approved code can only be made with Board authority.

This Code of Conduct will supplement all policies and procedures and will act as a guide in areas where there is no existing policy.

Objectives

The objectives of the Code of Conduct are:

- To provide every employee with guidelines for conduct not covered by specific policy or guideline/s; and
- To ensure Northern Gas Networks operate as and maintain their reputations as good corporate citizens and ethical business partners.

Definitions

Wherever used in this Code of Conduct, the words below are defined as follows:

- “Chief Executive Officer” refers to the Chief Executive Officer of Northern Gas Networks Limited
- “Company” – refers to Northern Gas Networks Limited
- “Employee” – refers to Northern Gas Networks and Northern Gas Networks Operations Limited employees, whether full-time, part-time, casual, or fixed-term temporary employees performing work for or undertaking activities on behalf of Northern Gas Networks
- “Management Team” – refers to the Northern Gas Networks comprising the Chief Executive Officer and Senior Managers reporting directly to this position.

Scope

The Code of Conduct applies to all employees as defined. An employee who has a question or concern regarding the Code of Conduct should contact their immediate Manager/Supervisor or Human Resources.

Further General Rules of Conduct which apply to NGN employees are provided in Appendix A.

Adherence to the Law

It is the Company’s policy to comply with the spirit and the letter of the Law and the Acts and Regulations which govern its business.

Employees will be committed to implementing any directives of the Company which aid it in complying with legal requirements. If any employee breaches or is aware of any breaches of a known law, that employee must report it to their Manager/ Supervisor or Human Resources immediately.

Conflict Of Interest

All employees must maintain objectivity and must avoid conflicts of interest in the performance of their duties and responsibilities of the Company.

The term “conflict of interest” describes any circumstance that could cast doubt on an employee’s ability to act with objectivity and independent business judgement with regard to the Company’s interests.

The Company recognises and respects the right of employees to take part in financial, business and other activities outside their jobs where their employment contracts permit them to do so. However, those activities must be lawful and free of conflict with the employee's Company responsibilities.

Specifically, all employees need to deal with suppliers, customers and others doing business with the company in a completely fair and objective manner without favour or preference based upon any personal considerations.

If an employee engages or proposes to engage in any activity outside of work which may objectively be regarded as a conflict of interest, that employee must:

- Immediately report the nature of the activity in writing to their Management Team member
- The Management Team member will respond in writing to the employee regarding the appropriateness or otherwise of the participation in the activity concerned.

External Business Relationships

Employees must ensure that financial, managerial or employment relationships with external businesses, either personally or through a family member, do not in any manner conflict with Company business or have the potential to place the employee in a situation of conflict with the Company. Outside work cannot interfere with Company schedules, be performed during Company work hours or negatively impact on employees' job performances.

Board of Director Appointments

Employees are required to advise the Company of appointments to external Boards as follows:

- For appointments to the external Boards of businesses and organisations (excluding not-for-profit organisations) the employee must notify their Management Team member and subject to their endorsement, will be approved or otherwise in writing by the Chief Executive Officer
- For appointments to not-for-profit organisations with a revenue turnover of greater than £500,000 million per annum, the employee must notify their Management Team member and subject to their endorsement, will be approved or otherwise in writing by the Chief Executive Officer
- Payment for such Board responsibilities must be disclosed at the time of approval. Agreement on the treatment of Board fees must be agreed by the Chief Executive Officer. Expenses such as travel, meals, and attendance during work hours must receive prior approval or be borne by the Board member personally.

Suppliers

Relationships with suppliers, customers and all other persons doing business with the Company must be professional, fair, trustworthy and must be in the Company's best interests. There must be no possibility of the employee receiving any financial benefit as a result of the relationship. Payments for goods, products or services must be legitimate and only for the actual goods, products or services received.

The Company name may not be used by individuals to obtain personal discounts or rebates. Any such "opportunities" must be brought to the attention of the employee's Manager/Supervisor or Human Resources. Written approval of a relevant member of the Management Team must be obtained before commencing with the use of the Company name.

Product endorsement or testimony for services or equipment must have prior approval of a member of the Management Team and must be in the Company's best interests.

If an employee has undertaken or is going to undertake a transaction, contract or appointment, or if an employee is going to become involved in a personal business venture with a supplier, contractor or competitor of the Company, the employee must get written agreement to do so from the Chief Executive Officer. The Chief Executive Officer will not give approval if, in his or her opinion, the situation might affect the employee's judgement in doing work for the Company or if it is not in the best interests of the Company.

Gifts

Acceptance of gifts of “nominal value” (up to £50) offered as a common business courtesy or promotional item is acceptable unless it places the employee in a position of compromise or special treatment. The value of gifts which exceed “nominal value” should not be accepted unless cleared with a member of the Management Team.

In the case where refusal of a gift may cause offence, gifts may be accepted at a higher value (up to £100), but must be advised the relevant member of the Management Team who will give direction as to its retention by the employee or an alternative beneficiary. A gift of value greater than £100 must be respectfully declined.

Loans/Gifts of Company Resources

No employee is allowed to loan Company money or provide Company resources/gifts to individuals or businesses or provide them to himself or herself or other employees without the written authorisation of a member of the Management Team (the only exception being promotional items such as pens, t-shirts, diaries, etc). Any such “approved” resource, gift or donation must not be for personal gain.

Entertainment/Hospitality

Entertainment activities undertaken by an external company/individual with an employee which are an allowable business expense that are designed to enhance business or customer relations, are acceptable unless the activity could be viewed as putting the employee in a situation which obliges them to give special consideration at a later time.

All entertainment/hospitality received by employees should be recorded in NGN’s hospitality register to record the hospitality received, including the names of the recipient and authorising manager, the date of receipt and a record of the hospitality received.

Bribery

The Company strictly prohibits any form of bribery or corruption and is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings.

Company Resources

Employees are responsible for using Company resources including vehicles, computers, materials, equipment, machinery services, supplies etc for the Company’s business only. If employees are to use Company resources outside of Company time, prior approval must be obtained by the Manager of the employee’s business unit. All policies and procedures must be strictly adhered to when using Company resources.

Employees should protect the Company resources by avoiding carelessness and waste and by using such resources prudently and efficiently to conduct the business of the Company.

All employees must adhere to specific security measures and controls (including licencing agreements) for the safe keeping of computer hardware and software programmes.

Media Relations

Media releases, comment and public statements are issued by the Communications business unit. All media inquiries should be directed to this business unit unless otherwise instructed by the Head of Communications.

No public statement or media comment may be made on any matter concerning the Company or the job of any Company employee except by an authorised employee.

Confidential Information

Some of the information we deal with needs to be treated confidentially. Employees must not misuse confidential information about the Company's business – either by using it directly in an unauthorised way or by giving it to others who are not authorised to use it.

Confidential information includes any information about the Company an employee acquires while employed by the Company or information that relates to an employee's employment.

The Company reinforces the concept of protection and "process integrity" of confidential information placed in the care and trust of employees by the Company or its customers whether through written document or verbal agreement and regardless of its nature.

The Company will not obtain or use information gained through unethical or questionable means and will discourage any actions which attempt to gain information through such means.

In particular, employees of the Company have the following obligations:

- Employees who sign Contracts of Employment or Deeds of Confidentiality must keep secure all confidential information disclosed to them
- Employees must also safeguard confidential information against actions which may adversely affect the employees, management or business of the Company.
- No employee shall, throughout the course of employment and thereafter, without written consent, release information that is or may be confidential or which may be used in a competitive situation or which may disadvantage the Company.
- Employees must ensure that storage and disposal of Company information must be in compliance with Company guidelines
- Employees must tell the Company about any discovery, process, business method, procedure or improvement which the employee makes, discovers or develops while working for the Company that relates to the business of the Company or related companies. That even extends to anything which the Company could use or adapt for its purposes. The Company owns all such work; employees do not have any proprietary interest, ownership rights or copyright entitlement resulting from their contribution
- Employees must help the Company protect its intellectual property even after the employee ceases to be employed by the Company
- Employees must report any attempt by anyone to obtain or disclose confidential information.

Political Involvement

The Company supports the rights of individuals to participate in the political process of the United Kingdom or country of residency.

Employees are not permitted to use paid work time, Company facilities or the Company name in support of political campaigns. The Company will not reimburse employees for political donations. An employee accepting public office or serving on a public body acts as an individual, not as a representative of the Company. Great care must be taken to ensure involvement in public votes or decisions will not implicate or involve the Company. All political relationships must be managed such that an employee – or by association, the Company – may not be questioned in or involved in political wrong-doing.

As corporate citizens, the Company behaves in a manner which is ethical, supportive of fair practice, and recognises and respects matters of a legally binding nature.

Company Records, Accuracy and Accounting Practices

All documented Company information/records must be accurate and reported honestly. Deliberate misrepresentation or false reporting may result in legal proceedings of a criminal or civil nature.

For the Company to be able to deal honestly and fairly with its suppliers, customers and staff, it needs to have every transaction recorded accurately and in full.

Accurate, reliable records are the key to meeting the Company's financial, legal and management obligations. All reports, vouchers, bills, payroll and service records, measurement and performance records and other essential data must be prepared promptly, carefully and honestly and treated with discretion.

The Company's books, accounts and records need to be kept in line with generally accepted accounting principles and in enough detail to accurately and fairly reflect the Company's transactions.

It is Management's responsibility to establish and maintain a system of internal accounting control which provides proof that transactions properly reflect Management's intentions.

Responsibilities

It is the responsibility of every employee to act in accordance with and to make themselves aware of expected performance within the Code of Conduct and other Company policies.

Management Team members and senior managers are responsible for the implementation and communication of the Code of Conduct and other policies and to monitor compliance within their areas.

Reporting a Concern

If an employee has a question about the Code of Conduct or knows of a possible breach, the employee should immediately discuss it with:

- Line Manager
- Human Resources, or
- A member of the Management Team.

The matter must be kept confidential by the Line Manager, Management Team member and Human Resources and anonymity, if requested, will be assured.

Actual or suspected incidents of corruption, bribery, theft, fraud or similar offences must be reported to NGN Senior Management or via the confidential Whistleblowing line.

Breach

The Company will have no obligation to defend and/or indemnify any employee in violation of this policy including possible legal action for civil or criminal charges and resulting penalties.

Employees in breach of this policy will be subject to appropriate disciplinary action as per Company policy outlined in the Human Resources Policy or their Contract of Employment.

Managers in breach of their responsibilities for implementation and administration of this policy will be subject to appropriate disciplinary action.

Employees are prohibited at any level in the Company from retaliating against anyone for reporting information on breaches of this policy.

Commonly Asked Questions

- **What should I do about accepting gifts, meals, services, entertainment and other benefits?**

We believe that it is not right for you or your family to ask for or accept anything which could be seen as an attempt to influence how you do your job or to favour existing or potential customers or suppliers.

Examples would include you receiving or asking for:

- gifts and services of more than nominal value
- accommodation and travel payment
- excessive entertainment
- preferential investment opportunities.

You can accept token gifts from overseas companies such as souvenirs, mementos or symbolic items of low value.

You can also accept meals or entertainment provided by existing or potential customers or suppliers but these need to be limited to meetings or functions that are directly related to doing business or are recognised as being in the best interest of the Company.

- **What sort of relationship am I expected to maintain with customers, competitors, suppliers, vendors and other third parties?**

If you are directly involved in dealing with customers, competitors, suppliers, professional advisors, consultants other organisations wishing to do business with the Company and/or other third parties, you are expected to maintain the highest standards of personal conduct, business ethics, honesty and integrity.

Decisions to select services or purchase goods should be based only on price and quality. If you are involved in these sorts of purchases, you need to avoid situations which could get in the way of you making an independent decision. You should also avoid situations which could create or appear to create a conflict of interest with any vendors, contractors, suppliers or consultants.

You must always do business with customers with the highest level of integrity making sure that they are never intentionally misled and that the agreements you make are confidential and safeguarded. While you are encouraged to establish strong business relationships with customers, you need to be very careful about personal relationships so that you don't get into a situation which might influence or prejudice the business relationship.

Exchanging entertainment and other social activities with suppliers, vendors or customers is acceptable if there is a clear and reasonable business case, it's in the best interests of the Company, and its "common sense".

- **How are we supposed to deal with conflicts of interest?**

We understand that you might take part in financial and business activities outside the Company and in your own time – but we do ask you and your immediate family to avoid situations which would create or reasonably seem to others to create a conflict with the interest of the Company.

Key questions regarding conflict of interest:

Might my interest or activity influence or seem to influence, my judgement when acting on behalf of the Company?

Might my interest or activity divert business from the Company? Does it act as a competitor to the Company?

Might my interest or activity lower efficiency, outputs and performance level at work?

Might my interest or activity lead to the misuse of the Company's resources and influences?

If you answer "yes" to any one of these questions, there is most likely to be some conflict of interest.

You should be very careful in accepting opportunities or being involved in business ventures whether as a principal, a partner, a director, an agent, a guarantor or an employee. By not getting into these sorts of situations, you will avoid putting yourself in a position where your interests might conflict with the interests of the Company.

Holding or investing in shares in publicly listed companies should not create a conflict of interest unless the shareholding represented a controlling interest; however the four questions above should still be considered for guidance in each case.

Quick Reference Checklist

The Code of Conduct Policy is simply a guide to help you make the appropriate decisions and judgements in your day to day business dealings.

If you are in doubt about any issue, you should go through the following checklist and ask yourself the questions listed:

- Would my actions be seen as appropriately complying with the Code of Conduct Policy?
- Do I feel comfortable doing this action?
- Do I feel comfortable telling my Line Manager about this action?
- Could my actions in any way appear unethical or dishonest to anyone?

If you are uncomfortable with your answer to any of these questions, discuss the issue with your Line Manager or Human Resources before acting.

APPENDIX A – NGN GENERAL RULES OF CONDUCT

The following General Rules of Conduct have been compiled in accordance with the principles and standards set out in the ACAS Code of Practice on Disciplinary Practice and Procedures in Employment and in the ACAS advisory handbook “Discipline at Work”.

These General Rules of Conduct apply to all NGN employees. They are designed to help maintain the good working practice, standards of behaviour and safety and well-being of the public, customers and employees which are essential for the achievement of NGN’s fundamental business goals.

Disciplinary action normally relates to behaviour at work but may also be taken in relation to misconduct outside work where it impacts on or is relevant to the employee’s duties or amounts to a breach of contract on the part of the employee.

Action or behaviour leading to prosecution for criminal offences or action in a civil matter will also be addressed under the Disciplinary Procedure whenever the actions are considered to relate to an individual’s contract of employment, to an individual’s suitability for the work they are engaged to do, to their position in work groups or work situations or where their actions could cause damage to NGN’s reputation.

These Rules give an indication of various types of misconduct and the seriousness with which they are generally regarded but it is not an exhaustive list.

Misconduct which will be considered as Gross Misconduct, potentially leading to summary dismissal, is highlighted in bold. Any incident of theft, fraud, fighting, violent, threatening or abusive behaviour will always be seen as misconduct of a serious nature.

The list does not, however, take into consideration the surrounding circumstances which might exist. Repeated misconduct and / or other misconduct where the surrounding circumstances are of a very serious nature may also be treated as gross misconduct.

Breach of the rules not highlighted in bold will normally lead to action under the Warnings Procedure but, subject to the nature of the breach, could be considered at a Disciplinary Hearing and, in appropriate cases, may lead to dismissal.

Possible sanctions short of dismissal arising from a Disciplinary Hearing may include, but are not limited to;

- i) a Written Warning
- ii) a Final Written Warning
- iii) suspension from work without pay with a Final Written Warning
- iv) demotion with a Final Written Warning
- v) retraining
- vi) suspension from sick pay scheme

In addition to rules of conduct which apply to employees of most companies, NGN employees have additional rules and obligations which must be complied with as a result of the fact that NGN provide a service to Northern Gas Networks (NGN) who are a Licensed Public Gas Transporter. Any breach of these rules may lead to disciplinary action which, in appropriate cases, could lead to dismissal.

NGN employees must comply with the requirements of NGN’s Public Gas Transporter Licence and with all legislation relevant to NGN’s operations including, but not limited to: the Gas Act 1986 (as amended) and associated legislation; the Competition Act 1998; the Health and Safety at Work etc. Act 1974 and associated legislation; the Environmental Protection Act 1990, Environment Act 1995 and associated legislation.

The following Rules of Conduct are, in all cases, subject to the employee’s duties and obligations contained within the above mentioned legislation and associated legislation.

If you are unsure of how to interpret or apply these rules you should contact your manager, your Legal department or Human Resources.

1. GENERAL CONDUCT AND PERFORMANCE AT WORK

Employees must:

1.1 abide by the terms of their contract of employment and avoid engaging in activities that may be deemed to be a breach of contract;

1.2 observe the terms of the Sick Pay Agreement regarding notification of absence and production of self-certified or medical certificates;

1.3 attend an examination by NGN's Occupational Health Provider when required to do so by management;

1.4 work in a careful, attentive and competent manner and must comply with relevant working instructions and meet required standards;

1.5 not sleep whilst on duty;

1.6 observe the terms of the holiday agreements and leave policies - in particular holidays must only be taken by prior mutual agreement with management;

1.7 adopt personal presentation appropriate to the type of work undertaken;

1.8 notify management immediately where they are aware of acts by other employees amounting to gross misconduct;

1.9 not carry out work for personal gain for others or for another employer either during or outside of working hours for NGN. Express permission must be obtained from their manager before undertaking, or agreeing to undertake, paid employment with another employer whilst in the employment of NGN (including outside of normal working hours).

Such permission, subject to there being no effect on the employee's availability to work for NGN and no conflict of interest, will not be unreasonably refused. (If consent is obtained the employee shall inform the manager of the number of hours they propose to work for another employer to ensure compliance with the Working Time Regulations (1998).);

1.10 not divert business away from NGN;

1.11 obtain permission before failing to attend or absenting themselves from work for any reason within their control;

1.12 never act in a negligent manner or in any other way likely to bring disrepute or damage upon themselves, colleagues, NGN or third parties;

1.13 declare any 'unspent' criminal convictions (as defined by the Rehabilitation of Offenders Act (1974)) even if they believe that these are outside of the scope of work;

1.14 inform their manager of any convictions for driving offences or licence endorsements which arise either inside or outside work, whilst driving a NGN vehicle or driving a privately owned vehicle.

2. NGN PROPERTY

Employees must:

2.1 take due care of all NGN property;

2.2 return all NGN property upon termination of contract;

2.3 never wilfully misuse NGN property or property belonging to third parties including, but not limited to, plant, premises, vehicles and mobile equipment including telephones, office equipment, Information Technology (IT) equipment, learning materials, etc.

2.4 never alter or use NGN property other than for its intended purpose/authorised use;

2.5 never use NGN vehicles for unauthorised journeys, or to carry unauthorised passengers and/or goods.

3. INFORMATION SECURITY

Employees must:

3.1 adhere to the requirements of the Data Protection Act 1998, Computer Misuse Act 1990, Copyright Act 1956, Copyright (Computer Software) Amendment Act 1985, Copyright, Designs and Patent Act 1988, NGN's Information Security Policy, Network Code and key policy statements etc.. Failure to adhere to such legislation and associated legislation could result not only in disciplinary action but may also lead to prosecution and/or other legal proceedings;

3.2 never misuse NGN's IT systems, Information Processing Systems, the Internet or E-mail;

3.3 never misuse information processing facilities to view, use or download unauthorised material or information;

3.4 not use personal data, intentionally or inadvertently, for a purpose other than for which it is registered for in accordance with Data Protection legislation and associated legislation;

4. RELATIONSHIPS WITH OTHERS

Employees must:

4.1 treat the property of colleagues or members of the public with care;

4.2 treat colleagues and customers with courtesy and civility and must not harass, fight with, bully or adopt other intimidatory, violent, abusive or other inappropriate behaviour towards them;

4.3 obey the reasonable instructions of their managers and supervisors and follow laid down working procedures in the performance of their duties;

4.4 inform their manager immediately of the circumstances where there is any potential conflict of interest between the employee and NGN. Employees should not abuse their position in such situations.

5. HEALTH, SAFETY AND ENVIRONMENT

Employees must:

5.1 fulfil their obligations contained within the Gas Safety Requirements Manual and more specifically

5.2 not compromise the safety of themselves, other employees, colleagues or the general public and must not endanger property owned by NGN, or other employees or the general public;

5.3 fully comply with all safety measures and instructions applied to protect life and property;

5.4 use the appropriate personal protective equipment and wear protective clothing issued by NGN;

5.5 not be under the influence of alcohol or illegal substances whilst at work, including whilst on standby duty, and when driving any vehicle on NGN business;

5.6 not smoke in areas or offices designated as 'No Smoking' or in hazardous areas.

6. SECURITY

Employees must:

6.1 fully comply with all security measures and instructions applied to protect life and property.

7. THEFT AND FRAUD

Employees must not

7.1 compile and / or submit false or inaccurate attendance records, false or inaccurate claims for remuneration, leave, expenses, allowances and sick pay;

7.2 aid and abet fellow employees to compile and/or submit false or inaccurate attendance records, false or inaccurate claims for remuneration, leave, expenses, allowances and sick pay;

7.3 falsify information given to NGN in relation to previous employment, attendance or medical record;

7.4 steal, defraud or misappropriate money or property from NGN or any other party;

7.5 fail to abide by the following which is not an exhaustive list;

- i) NGN Group Business Principles**
- ii) NGN Group Security Policy**

including rules relating to corporate gifts and hospitality, conflicts of interest, bribery, share dealing, personal interest in NGN transactions etc.