



Northern Ireland Electricity Networks Limited

Policy on Fraud and Related Unlawful Activities



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1. PURPOSE AND KEY PRINCIPLES

The policy applies to all employees and contractors in NIE Networks. This policy should be read in conjunction with NIE Networks' Code of Ethics, which outlines the standards which employees apply to their activities and sets out clear principles that must be applied, and NIE Networks' "Whistleblowing" Policy.

As a general matter, NIE Networks employees, contractors and all persons doing business with NIE Networks are expected to comply at all times with applicable laws and regulations. The purpose of this policy is to clearly document NIE Networks' policy in relation to fraud and other related unlawful activities (collectively referred to in this policy as "Unlawful Activities") involving NIE Networks, and/or perpetrated by NIE Networks personnel or by other parties.

NIE Networks has a zero tolerance policy in relation to Unlawful Activities, including fraud and bribery, and it is NIE Networks' policy to combat and investigate all instances of Unlawful Activities. The key principles underlying NIE Networks' approach to Unlawful Activities are:

- To encourage a culture of awareness and vigilance, and have preventative and detective measures in place to recognise and minimise the risk of Unlawful Activities;
- To make available appropriate mechanisms so that anyone can voice concerns;
- To immediately investigate cases of suspected Unlawful Activities and co-operate fully where an external investigation of Unlawful Activities is carried out;
- To maintain the principles of confidentiality and fairness in any investigation of Unlawful Activities;
- To facilitate and protect those who in good faith report instances of suspected Unlawful Activities (see NIE Networks' Whistleblowing Policy);
- To take appropriate action (disciplinary and/or legal) against perpetrators of Unlawful Activities and comply with any external reporting obligations in relation thereto; and
- To learn from any occurrence of Unlawful Activities in order to prevent it from being repeated.

2. UNLAWFUL ACTIVITIES

For the purposes of this policy, Unlawful Activities includes (but is not limited to) the following:

- Stealing/theft/embezzlement of money and/or goods belonging to NIE Networks or others (including the theft of electricity);
- Forgery, for example, altering documents or forging signatures;
- Misuse or misappropriation of NIE Networks funds;

- False accounting, making fraudulent statements with a view to personal gain or gain for another: eg false claims for pay/expenses;
- Falsely representing NIE Networks or dishonestly failing to disclose information legally required to be disclosed, with intention of making a gain for self or another or causing loss to another;
- Bribery/corruption, for example offering or accepting inducements or facilitation payments aimed at influencing someone or awarding a contract in return for a personal payment or other personal favour;
- Extortion, for example obtaining favours by the use of threats;
- Conspiracy, collusion and corruption, for example, agreeing with others to carry out illegal activities;
- Breach of market abuse laws, i.e. 'insider trading' type laws applying to NIE Networks' listed debt; and
- Planning to carry out any of the foregoing activities.

It should be noted that a breach of NIE Networks' Code of Ethics may also breach this policy and be reported / investigated under this policy.

3. ROLES AND RESPONSIBILITIES

Management has a responsibility to ensure adequate measures and controls are adopted by NIE Networks to counter the risk of Unlawful Activities occurring. However, all staff are equally expected to be vigilant and play an active part in preventing Unlawful Activities. The key roles and responsibilities across NIE Networks in relation to Unlawful Activities are set out below:

3.1 NIE Networks Audit & Risk Committee and Board

- Determination of corporate policy in respect of Unlawful Activities.
- Review of the internal control framework and controls identified to support the ongoing implementation of this policy.

3.2 Internal and External Auditors

- Consideration of Unlawful Activities in all internal and external audit reviews.

3.3 Management

- Ensuring compliance with this policy and implementing its key principles across NIE Networks.
- Allocating sufficient and appropriate resources to implement this policy effectively, including ongoing training and awareness.
- Operating and maintaining internal control systems to promote the prevention, detection and investigation of Unlawful Activities.
- Considering exposure to the risk of Unlawful Activities and implementing initiatives to enhance risk management effectiveness, including procedures which facilitate the reporting of Unlawful Activities to management by employees.
- Reporting all suspected cases of Unlawful Activities by an employee to the Company Secretary.

3.4 Employees

- Compliance with their terms of employment, including compliance with this policy, the NIE Networks' Code of Ethics and other applicable policies.
- Compliance at all times with the law in carrying out their employment duties.
- Immediately reporting known or suspected instances of Unlawful Activities in accordance with the reporting procedures below.

3.5 Company Secretary

- Maintenance of this policy
- Recommending best practice in the prevention and investigation of Unlawful Activities
- Informing the Finance Director of all incidents reported..
- Co-ordinating investigation of reported Unlawful Activities as required..
- Regularly reporting Unlawful Activities, and investigation thereof, to the NIE Networks Finance Director, NIE Networks Executive Committee, NIE Networks Audit and Risk Committee/Board and ESB Group Internal Audit (as appropriate).

4. REPORTING INCIDENTS

Employees should not discuss the incident with any colleagues/friends prior to reporting it and should not attempt to investigate any suspicions of Unlawful Activities themselves.

An employee who knows of or suspects the occurrence of Unlawful Activities should immediately report the matter to his/her line manager/Head of Department who will raise the matter with the Company Secretary. Alternatively, employees can raise the matter directly with the Company Secretary or any senior manager.

NIE Networks' Whistleblowing Policy sets out the detailed arrangements whereby an individual who discovers information which he/she believes shows serious malpractice or wrongdoing within the organisation can raise the concern internally and have it investigated. Under the Whistleblowing Policy, NIE Networks has also made available an external Confidential Telephone/Web Reporting Facility provided by Safecall which employees can use to report suspected serious malpractice or wrongdoing within the organisation. This facility operates 24 hours a day, 7 days a week and offers a safe and confidential (and if necessary an anonymous) means for employees who cannot for some reason report the matter to their line manager / Head of Department or the Company Secretary, using any of the following methods:



- By calling

at any time on **0800 915 1571**, or

- Via email nienetworks@safecall.co.uk, or
- Via the web at www.safecall.co.uk/report

NIE Networks' Company Secretary will receive reports from the external Confidential Telephone/Web Reporting Facility to follow up in accordance with this policy.

Full details can be found in NIE Networks' "Whistleblowing" Policy.

5. TREATMENT OF THOSE REPORTING SUSPICIONS

NIE Networks will not tolerate any victimisation or unfair treatment of any employee as a result of him or her reporting suspected Unlawful Activities in good faith. Any such victimisation should be reported to a senior HR manager and will be considered a disciplinary matter for any person engaging in such behaviour.

6. INVESTIGATION

It is NIE Networks policy to immediately investigate all cases of suspected Unlawful Activities under the following guidelines:

- On being informed of a suspected instance of Unlawful Activities, the relevant line manager must inform the Company Secretary who will in turn inform the Finance Director. The Company Secretary has responsibility for agreeing the investigating team following liaising with line management and senior HR personnel. As part of an investigation the Company Secretary/investigators may consult with the HR Director, Finance Director, Company Solicitor, or other relevant senior management as appropriate.
- All investigations will be carried out objectively and confidentially, in accordance with agreed protocols, and the investigators will be entitled to call on any professional advice deemed necessary.
- The rights of individuals will be respected at all times.
- After due investigation, the Company Secretary will report instances of Unlawful Activities to the Finance Director, HR Director and other members of management as appropriate to determine (i) whether disciplinary penalties are warranted in accordance with NIE Networks' Disciplinary Rules and Procedures; (ii) whether the matter should be reported to the Audit Committee/Board and (iii) if the matter should be reported to external authorities including the Police Service of Northern Ireland.

Employees who report suspected Unlawful Activities in accordance with this Policy should assume that, where a subsequent investigation of that suspected Unlawful Activities deems it appropriate, the relevant external authorities (including the Police Service of Northern Ireland) will be duly notified by NIE Networks.

7. POLICY VIOLATION

An employee involved in carrying out any Unlawful Activities should be aware that his/her actions may result in the following consequences:

- As the commission of any Unlawful Activities is a disciplinary matter, the employee involved will be subject to NIE Networks' Disciplinary Rules and Procedures, which may in turn result in penalties being imposed upon that employee (up to and including dismissal);
- NIE Networks may take action to recover any losses sustained, which may include the issuing of civil proceedings against the employee and/or other individuals concerned, and/or
- NIE Networks may report the matter to external authorities (including the Police Service of Northern Ireland) which may in turn result in the employee and/or individuals concerned becoming the subject of criminal proceedings.