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Chief Executive Officer's introduction

Welcome to Gas Networks Ireland's 2021 sustainability report, 'Sustainability in Action'. This is our fourth sustainability report, aligned to the Global Reporting Initiative (GRI) standard. Our sustainability strategy has three pillars, Environment, Social and Economic, and is aligned with the United Nations' Sustainable Development Goals. This report outlines our progress in implementing the principles of sustainable development across all aspects of our operations.

Our principal activity is the transportation of natural gas on behalf of over 711,000 business and residential gas customers regardless of which natural gas supply company they choose. As a vital national asset, the gas network transported 34% of Ireland's primary energy needs in 2021. We own, operate, build and maintain the natural gas network in Ireland. This includes over 14,600 km of pipelines, including two sub-sea interconnectors and pipelines in Scotland, Northern Ireland and the Isle of Man. We also provide wholesale telecom fibre services under the business name Aurora Telecom.

Gas continues to be a major contributor to electricity supplies, generating 46% of Ireland's electricity. The variability of fuel types in the electricity generation mix, particularly wind and solar, saw gas electricity generation peaking at 84% of demand during 2021, reiterating the importance of having a flexible and reliable gas supply. In 2021 the total amount of gas transported through the gas network for Ireland, Northern Ireland and the Isle of Man was approximately 74.3 TWh.

We attach great importance to ensuring that our investment policies are aligned to the national strategic outcomes outlined in the National Development Plan 2018–2027, the Climate Action Plan 2021 and the Government's wider energy policy. I am personally very conscious of the importance of balancing economic objectives such as profitability and shareholder value creation, alongside socio-economic and environmental objectives, in order to promote sustainable long-term value growth.

I am delighted to share that through our ongoing commitment to sustainability, we achieved a B rating in the Carbon Disclosure Programme (CDP), up from a B- in 2020. In addition, we won an Outstanding Community Support Award at the CCA Excellence Awards and two Green Awards for Green Business of the year and Green Large Organisation of the year 2021.

We are ever mindful of our sustainability responsibilities and aim to contribute to the protection of the environment while supporting the social and economic development of the communities we operate in. We are proud of the fact



"I am delighted to share that through our ongoing commitment to sustainability, we achieved a B rating in the carbon disclosure programme, up from a B- in 2020."

that we are one of only 46 companies in Ireland to hold the Business Working Responsibly (BWR) mark and are committed to ensuring that sustainability is at the forefront of everything we do and help Ireland to reduce its carbon emissions.

COVID-19 was a stubborn intrusion on our way of life and work, and its impact cannot be overstated. Nonetheless, very significant progress was made on our climate action, sustainability and growth agendas; on capital projects and programmes; in maintaining gas operations; in developing new customer and safety initiatives, in crisis management and in supporting our teams with best in class professional services.

We welcomed the publication in December 2021 of the Annex of Actions that accompanies the Climate Action Plan 2021. It reinforces some key activities and roles for Gas Networks Ireland and outlines how the decarbonisation plans for the gas network will be delivered. However, the Climate Action Plan 2021 acknowledges that further measures are required to deliver the scale of Ireland's emissions reduction ambitions by 2030. These further measures will address the role of the gas network and will be refined in future Climate Action Plans. The gas network will continue to play a critical role in Ireland's energy sector and I look forward to working closely in the coming years with the Department of Environment, Climate and Communications and the Commission for Regulation of Utilities to develop renewable gas in the gas grid.

I wish to acknowledge the ongoing hard work and dedication of the Gas Networks Ireland team in continuing to deliver on our sustainability initiatives throughout 2021. We believe that our 'Sustainability in Action' strategy will continue to improve our business in a sustainable and responsible way for the people of Ireland, particularly now as we navigate new ways of working following the unprecedented COVID-19 pandemic.

Welcome to our 2021 sustainability report. I hope you enjoy learning more about how we continue to focus on operating sustainably and ensuring Ireland's vital national gas network is ready to play its role in a cleaner energy future.

Cathal Marley
Chief Executive Officer

2021 achievements



Continued success

Winner of the 2021 Green Business of the Year Award

Winner of the 2021 Green Large Organisation Award

Winner of the 2021 CCA Global Outstanding Support Award

Winner in the 'Utilities' category at the 2021 Health & Safety Excellence Awards

Winner of the Age Action BIG Corporate Challenge

CDP climate change score B



CDP supplier engagement rating A-



Supported 31 community projects

and provided over €210,000 in financial support to local communities

Launched a European first environmental 'Hot Spot' programme

with Leave no Trace Ireland at Glengarra Woods, Co. Tipperary.



Launched our network innovation facility

to ensure safety and operability of pipelines, meters and appliances with a variety of hydrogen blends.



Development of our biodiversity strategy and biodiversity action plan

to support the National Biodiversity Action Plan.



Responsibly certified

5 ISO Management Systems – ISO14001, ISO50001, ISO45001, ISO9001 and ISO55000

Recertified to the Business Working Responsibly Mark

Key Performance Indicators

2021 2020

Environment

CDP climate change rating	B	B-
CDP supplier engagement rating	A-	B
GHG emissions scope 1 TCO ₂ e* ¹	186,156	188,440
GHG emissions scope 2 TCO ₂ e* ² Office and fleet	2,573	2,914
GHG emissions scope 3 TCO ₂ e* ³	7,103	5,676
PSMR energy efficiency target of 33% - exceeded	52%	53%
Biomethane transported by Gas Networks Ireland GW	5	0.36
Number of compressed natural gas stations in operation	7	5

Social

Safety

Total lost time incident frequency rate - employees (>1 day #/100k hours*)	0.0	0.11
Emergency response	29 minutes	29 minutes

Customer

Customers Service – First Contact Resolution	91%	91%
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Employee

Training days	1034	599
Volunteer hours	890	586

Economic

Credit Rating Moody's	A2 Stable	A3 Stable
EBITDA	€245m	€265m
New connections (volume contracted GWh)	848	635

Note:

***1 GHG emissions scope 1 TCO₂e**

The production of gas at the Corrib gas field is now declining and we are increasingly reliant on our compressor stations in Scotland. These compressor stations increased our fuel gas requirements in 2020 and 2021 and caused an increase in carbon emissions. We have implemented a number of initiatives to improve our energy performance of our compressors and as part of our sustainability strategy several decarbonisation options are being appraised to further reduce our emissions and achieve our Low Carbon Pledge commitments.

***2 GHG emissions scope 2 TCO₂e**

The reductions in electricity use is partly due to improved energy efficiency measures across our operations and offices.

***3 GHG emissions scope 3 TCO₂e**

Our scope 3 emissions have increased slightly from 2020 to 2021 due to increased scope and accuracy of GHG reporting by suppliers and increased traveling by staff following COVID restrictions in 2020.

Who we are

Gas Networks Ireland operates and maintains Ireland's €2.7bn, 14,664km national gas network, which is considered one of the safest and most modern gas networks in Europe. We also provide wholesale telecom fibre services under the business name Aurora Telecom.

Over 710,000 Irish homes and businesses, including power generation and many of the country's largest industries, rely on gas for electricity, heating and transport and trust Ireland's gas network to provide efficient and reliable energy to meet their needs 24 hours a day, 365 days a year. The gas network is a vital national asset and is the cornerstone of Ireland's energy system. Gas continues to be a major contributor to electricity supplies, generating 46% of Ireland's electricity. The variability of fuel types in the electricity generation mix, particularly wind and solar, saw gas electricity generation peaking at 84% of demand during 2021, reiterating the importance of having a flexible and reliable gas supply. In 2021 the total amount of gas transported through the gas network for Ireland, Northern Ireland and the Isle of Man was approximately 74.3 TWh. securely supplying more than 34% of Ireland's total energy, including 40% of all heating and over 46% of the country's electricity generation.

In 2021, at times, gas demand for electricity generation ranged between 10% and 84%. When the wind didn't blow and the sun didn't shine, the national gas network was there to ensure the lights stayed on and our devices were powered. At times, wind and solar generated as little as 1% of the

country's electricity, meaning essential services, health facilities and businesses relied on the security of gas-generated electricity.

Emitting significantly less CO₂ than coal and oil, natural gas has played an important role in reducing Ireland's energy emissions since the 1970s, and the ever-reliable power behind Ireland's electricity generation will continue to play an integral role in the country's transition to a low carbon economy.

Gas is particularly important for many Irish industries, delivering the high intensity heat that many processes require. Businesses know they can depend on the gas network's reliability and flexibility.

As an energy source, natural gas is of strategic importance to Ireland, facilitating job creation and economic growth. However, while natural gas is the cleanest conventional fuel, Gas Networks Ireland must transition to more sustainable alternatives to meet Ireland's climate action targets.

Our ambition is for a net-zero carbon gas network by 2050 and to support emissions reductions across every sector of the Irish economy, in the least cost, least disruptive, most safe and secure manner.

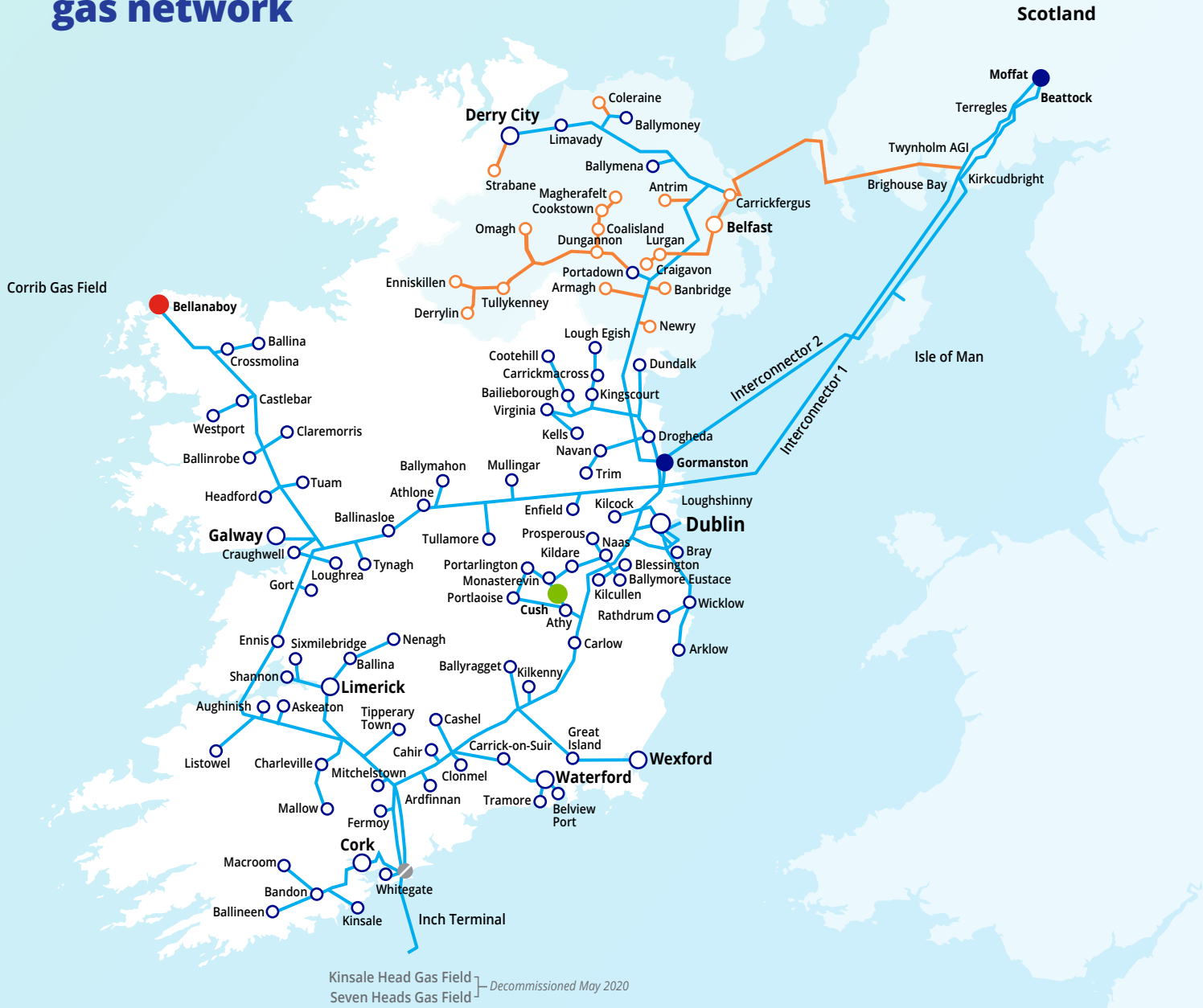
New technologies such as compressed natural gas and renewable gases, including biomethane and hydrogen, can all play a part in helping decarbonise Ireland's economy, and we are working to make this possible.

By replacing natural gas with renewable gases and complementing intermittent renewable electricity, we are supporting Ireland's journey to a cleaner energy future.

Transitioning to a clean energy economy by 2050 requires a balance between sustainability, security and affordability. Leveraging existing energy assets and capabilities will enable Ireland to reach its targets effectively. The national gas network is ready to play its role a delivering a cleaner energy future.

Aurora Telecom is a division of Gas Networks Ireland. As Ireland's leading backhaul dark fibre service provider, we own and operate an extensive national backhaul fibre network across 15 counties in a ring topology, linking all the major cities and key urban centres along the route.

Ireland's national gas network



Kinsale Head Gas Field
Seven Heads Gas Field } Decommissioned May 2020

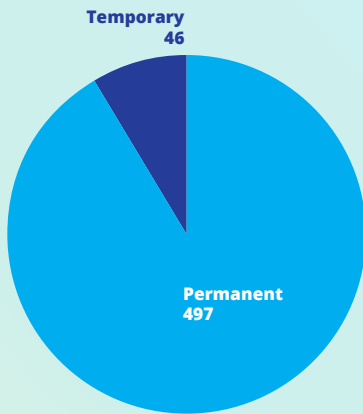
- Existing Pipelines —
- Pipelines Owned by Others —
- Interconnection Points ●
- Entry Point ●
- Renewable Gas Entry Point ●
- Decommissioned Entry Point ●

Who we are

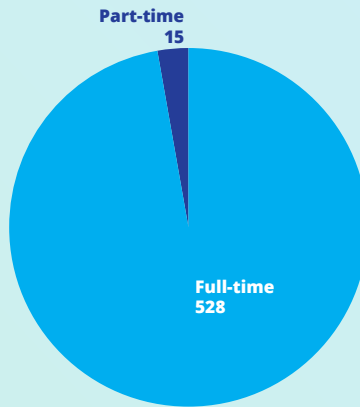
GRI 102-8

Total number of employees

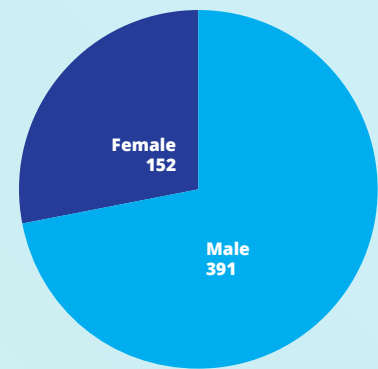
Contract (perm/temp)



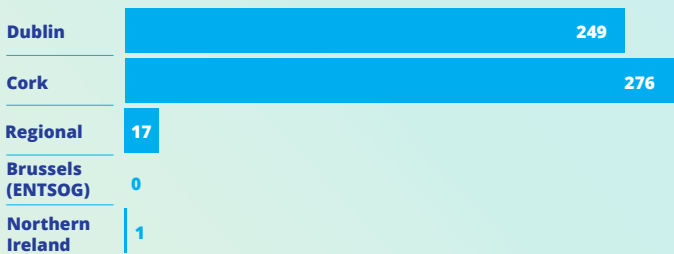
Type (full time/part-time)



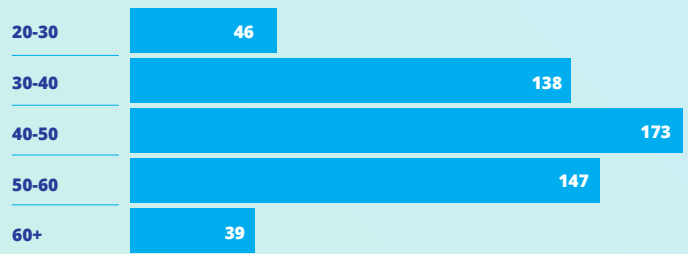
Gender



Region



Age profile



GRI 102 - 9

Supply chain

We ensure environmental and sustainability requirements are embedded in the procurement processes right through to delivery stage of the contract. For example, since 2011, our main/larger contractors are required to provide us with monthly reports on their sustainability performance against a range of sustainability KPIs which included, waste management, carbon management and energy use.

Our main third party contracts have been designed to deliver sustainability and environmental best practice

throughout the project lifecycle. Where contractors outperform set KPIs, the financial terms of the contract contain provisions to allow for additional performance awards to be made. Similarly, KPI underperformance can result in the imposition of financial performance adjustments. As part of the tendering process in 2020/2021 when procuring our two new main contractors, we ensured our enhanced Sustainability Strategy objectives were key to the tender and contract requirements. In addition to waste data management, energy and carbon performance KPIs

we have now also included new more challenging requirements around Waste reduction target's, Biodiversity Enhancement Planning, Green Sustainable Procurement Planning, Community Programmes, Carbon Emissions Management as part of our new contracts.

There are no significant variations in the above disclosures and all data was compiled using internal data management systems.

The three pillars of our supply chain objectives



Secure value-for-money



Ensure compliance with all legal and governance requirements



Minimise risk for our business

The key elements of our supply chain process

Procurement strategy setting	Sourcing and category management	Supplier management	Requisition to pay
<ul style="list-style-type: none"> • Vision, Mission, Core Values • Operating Model • Category Strategic Planning • Performance Management 	<ul style="list-style-type: none"> • Strategic sourcing • Category policy setting • Category management framework • Compliance monitoring 	<ul style="list-style-type: none"> • Supplier performance management • Contract management • Supplier integration • Supplier development • Supplier relationship management 	<ul style="list-style-type: none"> • Transaction processing • Assisted buying • Master data management • Fulfilment

Our supply chain in numbers

2021	Gas Networks Ireland suppliers
Republic of Ireland	596
United Kingdom	85
Northern Ireland	27

GRI 102 - 10

With effect from 1st January 2022, Irish Water is operationally separate from Ervia and Gas Networks Ireland. It is anticipated that Irish Water will be legally separate from Ervia on January 1st, 2023 following enactment of the Water Services Separation Bill in 2022.

GRI 102 - 11

We manage, monitor and report on principal risks and uncertainties that could impact our ability to deliver our strategic ambitions. The system of risk management and policy is well established and is consistently operated across the organisation. Our priority is to understand the risk environment, identify the specific risks and assess the potential exposure.

For more information, please see our risk management section.

Our history

The story of natural gas in Ireland

Prior to the discovery of natural gas off the coast of Cork in the 1970s and the subsequent development of Ireland's national supply and transmission system, gas was produced from coal at local gasworks sites.

This 'town gas' was used primarily for streetlamps. After World War II, technological advancements allowed for the construction of reliable pipelines.

In the late 1960s, exploration ships were searching for oil off the south coast of Ireland, and in 1971, one of the ships, the Glomar North Sea, found gas instead of oil - discovering Ireland's first indigenous reserve of natural gas. An exploration rig was installed and it took two years to establish that the find was commercially viable.

1970s

The Gas Act (1976) established Bord Gáis Éireann as the State Gas Development Agency. The new semi-state replaced a series of private sector small town-based gas companies:

- Cork Gas Company
- Alliance and Dublin Consumers Gas Company
- Limerick Gas Company
- Kilkenny Gas Company
- Clonmel Gas Company

Natural gas was first brought ashore to Ireland in 1978 through a sub-sea pipeline at Inch in Co. Cork. By the end of 1978, Bord Gáis Éireann had 32 staff members.

1980s

By the early 1980s, Bord Gáis Éireann had 99 staff members. In 1983, a gas pipeline from Cork to Dublin was completed. Onshore construction work continued to serve customers in Cork City. The Dublin Gas Company received its first natural gas supplies and began converting 120,000 customers to natural gas from town gas.

Customers in Limerick, Clonmel and Kilkenny were converted from town gas to natural gas and the Cork and Dublin Gas Companies were fully acquired by Bord Gáis Éireann.



First gas street lamp

First Dublin Gas Transport Fleet – 1930s



1990s

In 1990, Bord Gáis Éireann grew to 905 staff members. The sale of natural gas appliances increased by 50% in 1990 and gas sales to the industrial/commercial sector increased by 15%. In 1992, work commenced on the first subsea interconnector and a major compressor station was under construction in south-west Scotland to increase the supply of gas to Ireland by 50%. By the end of the 90s, natural gas was within reach of 550,000 homes in Ireland.

The Clayton Gas Holder, c1980s



Dublin Gas Construction 1990

2000s

Aurora Telecom entered the dark fibre market in 2000. The following year, a second interconnector pipeline was approved by the Government. The Commission for Energy Regulation was established in 2002 and significant transmission network extension projects were undertaken to bring gas to the west of Ireland for the first time.

2010s

In 2012, the Government announced that an independent utility would be established as a subsidiary of Bord Gáis Éireann to operate a new water utility, Irish Water. In 2014, following the sale of Bord Gáis Energy, Bord Gáis Éireann was rebranded to Ervia – Ireland’s first multi-utility company. Bord Gáis Networks was rebranded to Gas Networks Ireland and became a separate subsidiary in 2015. In 2010, Bord Gáis Éireann had almost 1,000 employees; today, Ervia has over 1,600 employees.

In 2019, Ireland began its journey to a net-zero carbon gas network, with the introduction of domestically produced renewable gas in the form of biomethane onto the national network. Biomethane is made from farm and food waste through a process known as anaerobic digestion. It is largely identical to natural gas, meaning that it can seamlessly replace gas in appliances, heating systems, transport and power generation.

2019 also saw the launch of Ireland’s first publicly accessible, fast-fill compressed natural gas (CNG) station at Circle K’s Dublin Port premises. In 2021, two additional public CNG stations opened at Ballysimon Road, County Limerick and Clonshaugh,

County Dublin. There are now 4 publicly accessible, fast-fill CNG stations in the country. CNG is natural gas which has been compressed to fit into a Natural Gas Vehicle’s (NGV) tank and is particularly suitable for use in commercial vehicles. Studies show that switching from diesel to CNG can already reduce well-to-well carbon dioxide (CO₂) emissions by up to 23% compared to diesel (CENEX, 2019) and nitrous oxide (NOx) by up to 50% (UK Department of Transport, 2018).



Today

Ireland’s €2.7bn, 14,664km national gas network is considered one of the most modern and safe in the world. Over 710,000 Irish homes and businesses, including power generation and many of the country’s largest industries rely on gas for electricity, heating and transport and trust Ireland’s gas network to provide efficient and reliable energy to meet their needs 24 hours a day, 365 days a year.

CNG stations opened at Ballysimon Road, County Limerick and Clonshaugh, County Dublin 2021



Governance structure

ervia

Established under the Gas Act 1976 (amended), Ervia is a holding company with two principal operating subsidiaries. With effect from 1st January 2022 Irish Water is operationally separate from Ervia and Gas Networks Ireland. It is anticipated that Irish Water will be legally separate from Ervia on January 1st, 2023 following enactment of the Water Services Separation Bill in 2022.



Gas Networks Ireland

Established under the Gas Regulation Act 2013, Gas Networks Ireland is responsible for owning and operating Ireland's national gas network, including both the transmission and distribution systems. Through our Aurora Telecom division, a carrier and enterprise service provider, we are also responsible for operating and maintaining a modern, carrier grade, backhaul dark fibre network.


Strategic objectives

 Business delivery

 Customer

 Growth

 Sustainability

 People and culture

Information relating to Gas Networks Ireland's performance in 2021 can be found in our Annual Report and Financial Statements available at www.gasnetworks.ie.



Irish Water

Established under the Water Services Act 2013, Irish Water is the National Water Services Authority responsible for the provision of collection systems and treatment of wastewater and the provision of water supplies, including water treatment facilities.


Strategic objectives

 Water

 Wastewater

 Customer

 Sustainability

 People and culture

Information relating to Irish Water's performance in 2021 can be found in their Annual Report and Financial Statements available at www.water.ie.



Strategic framework

Purpose

Our purpose is to ensure the safe and reliable delivery of gas to our customers. By serving our customers and collaborating with our partners, we continually advance the utilisation of the gas networks for the benefit of Ireland.

Values

Our five shared values define the character of our organisation. They guide our actions and decisions, and provide a framework for how we communicate with each other, our customers and our stakeholders.

Performance

We strive to be a high-performing multi-utility, continuously delivering quality services and infrastructure.

Integrity

We are open and honest in everything we do. We treat each other, our customers, our assets and the natural resources we rely on with respect.

Safety

We put safety at the heart of everything we do.

Collaboration

We work together to get results, sharing and learning from each other.

Customer service

We provide quality services for our customers. We listen to their needs and strive to exceed their expectations.



Our strategic ambitions

Our strategy focuses on continuing to operate, develop and maintain the existing gas network to provide safe, affordable, secure supplies of energy, and on delivering progressively cleaner energy to our customers supporting Ireland's net zero target.

Our strategy is supported by five strategic ambitions. They set the foundation for our future success and provide a clear road map to deliver on our vision and purpose:



Business delivery

Focuses on delivering our work programmes, financial results and regulatory performance requirements



Customer

Focuses on delivering excellent customer services



Climate action

Focuses on working collaboratively to develop a sustainable energy system that supports and facilitates Ireland's net zero target



Sustainability

Focuses on delivering our services in a sustainable manner that contributes to the protection of the environment whilst supporting the health and wellbeing of our employees in the workplace and positively impacting the communities in which we operate



Safety, People and Culture

Focuses on delivering the highest health and safety standards and on building a culture that engages, excites and empowers our people and business partners

Factors influencing value creation



Security of supply

The challenge is to

Maintain economic competitiveness in the face of rising energy prices and geopolitical instability following the Russian invasion of Ukraine.

This means we must

ensure a secure and reliable supply of gas.

We will create value by

co-operating with stakeholders to prepare for contingencies on the network.



Climate action

The challenge is to

reduce carbon emissions in Ireland by 51% by 2030.

This means we must

decarbonise the gas network.

We will create value by

continuing to deliver and support the Government's decarbonisation ambitions.



Customer

The challenge is to

deliver a customer experience that meets their needs.

This means we must

continue to capture the voice of the customer and stakeholders to ensure value add service.

We will create value by

driving continuous improvement to reduce effort across the customer's engagement. We are committed to delivering cost-efficient customer operations.





Economic growth

The challenge is to

support the development of Ireland's National Economic Plan with a focus on efforts to address climate change.

This means we must

provide affordable and clean energy.

We will create value by

investing in infrastructure in support of national economic growth, developing a sustainable business model, and promoting innovation.



Sustainability

The challenge is to

protect the environment, respect resources and value employees.

This means we must

become a leading green and sustainable business.

We will create value by

operating a sustainable business, minimising our emissions and waste, enhancing biodiversity and supporting our people and communities.



Business model - how we create value

Inputs



Financial

We earn a return on a mix of regulated and unregulated assets.

Total Assets

Gas Networks Ireland	€2.7bn
Aurora Telecom	€32m



Networks

Our gas, water and telecoms networks cover the length and breadth of the country.

Length of Networks

Gas Networks Ireland	14,664 km
Aurora Telecom	1,200 km



People and partners

Working together and using our combined expertise allows us to sustain and grow our business.

Number of employees

Gas Networks Ireland	538
Ervia Business Services	551*

*Also support Irish Water



Stakeholders

We consult with and actively seek the opinion of the communities we work in: our customers, regulators, government and investors.



Natural resources

We work to protect our environment in the transition to a low carbon energy system.

Natural gas transported annually	74.3 TWh
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Business activities



Develop and fund future plans

- Business plan
- Investment priorities
- Climate action



Continuously improve our offering

- Compressed natural gas
- Biomethane
- Hydrogen
- Improve efficiency



Serve our customers well

- Easy to work with
- New connections

Working together, our people and partners build, maintain and operate our gas and fibre networks to provide essential services to our customers, communities and the economy.

Outputs

Benefits



Maintain our asset base

- System security
- Asset strategy
- Maintenance programmes



Invest in assets

- Growth
- Refurbishment
- Capacity
- Security of supply
- Protection



Operate the systems

- Continuous quality supply
- Safety
- Grid control
- Respond to reports of gas leaks

Efficient, cost-effective, customer-centric services



Robust and resilient infrastructure

Customers

- Serving over 711,000 gas customers
- Providing continuous, safe, high quality supplies
- Delivering increasingly efficient services

Employees

- Learning and development
- Health and wellbeing
- Diversity and inclusion

Communities

- Protecting the environment and supporting biodiversity
- Climate action
- Supporting local communities

Regulators

- Improving performance versus regulatory standards

Shareholder

- Dividends

Economy

- Enabling economic development
- Supporting employment
- Investing in infrastructure

Stakeholder engagement

At Gas Networks Ireland we take the nature and quality of our relationships with all our stakeholders very seriously. We work closely to understand their views and interests, to deliver our projects in partnership, and to respond to their interests as we progress our plans.

	Representative bodies include	Priorities
 <p>General public and communities</p>	Individuals, communities, environmental groups, consumer groups, business interest groups, farming bodies etc.	<ul style="list-style-type: none"> • Ensure safe, secure and reliable supplies of natural gas. • Maintain competitiveness. • Support social and economic growth.
 <p>Partners</p>	Partners, third-party service providers and suppliers.	<ul style="list-style-type: none"> • Work effectively together to deliver quality services.
 <p>Regulators</p>	Commission for Regulation of Utilities (CRU), Utility Regulator (UR) Northern Ireland, Office of Gas and Electricity Markets.	<ul style="list-style-type: none"> • Deliver initiatives to implement energy and climate policies. • Continue to roll out the Gas Networks Ireland Business Plan including the delivery of the Capital Investment Plan. • Operate efficiently and reduce costs.
 <p>Shareholders</p>	Department of Housing, Local Government and Heritage, Department of Environment, Climate and Communications, Department of Public Expenditure and Reform.	<ul style="list-style-type: none"> • Implement Government policy. • Communicate accurately and transparently and demonstrate progress against plans.

Response	Surveys	Face to face	Roundtables	Information events	Working groups	Website	Social media	Multi-stakeholder meetings
<ul style="list-style-type: none"> • Focus on engagement at local and community level. • Maintain excellent performance in responding promptly to reports of gas escapes. • Continue to operate efficiently. • Provide infrastructure to facilitate economic growth. 	●	●	●	●	●	●	●	●
<ul style="list-style-type: none"> • Hold frequent performance reviews and forward looking discussions with our service partners. 	●	●	●	●	●	●	●	●
<ul style="list-style-type: none"> • Continue to roll out the Gas Networks Ireland Business Plan, including the delivery of actions attributed under the Climate Action Plan 2021. • Invest in compressed natural gas (CNG) projects. • Engagement with the CRU through the price control process to ensure alignment in delivering the commitments under the Government Climate Action Plan and Network Development Plan. 		●			●			
<ul style="list-style-type: none"> • Operate, maintain, develop and decarbonise a safe, reliable and efficient network. • Develop and deliver business plans that are aligned with Government policies. • Regular performance reports and updates are issued to monitoring and oversight bodies. 	●	●	●	●	●	●	●	●

2021 business highlights

The majority of the incremental volume delivered in 2021 came from the Power Generation and Data Centre sectors with two large Exceptional Loads contracted in 2021.

These contracts were executed to supply gas to a Digital Data and Energy Centre and a new Data Centre development, both in Clondalkin, south west of Dublin City.

Gas Networks Ireland worked closely with Eirgrid and the Commission for Regulation of Utilities during 2021 on the issue of security of electrical supply for the country. Multiple gas connection enquiries were processed and offers made to the Power Generation sector with a view to supporting the increase in power generation capacity required during the coming years. Gas networks Ireland also secured approval from the Commission for Regulation of Utilities to proceed, in certain cases, with advanced design works for strategic generation projects prior to the execution of contracts. Gas Networks Ireland expects to execute multiple Transmission connection contracts during 2022 and the proceeding years to support the development of flexible gas-fired power generation plant.

Gas Networks Ireland secured a total of 12 Apartment Block connection contracts during 2021 resulting in 2,864 apartments being supplied with heating and hot water from gas-fired central plant solutions. The technical solution chosen in most of these developments was a hybrid combination of gas-fired Combined Heat and Power (CHP) equipment in conjunction with commercial electric Heat Pump technologies to provide a low cost, high efficiency solution meeting and exceeding the Near Zero Energy Buildings (NZEB) requirements of the latest Building Regulations. These connection orders included the Grand Canal Harbour development, one of the largest Apartment and Commercial developments in the country, including 596 apartments and 7,000m2 of commercial retail space in the centre of Dublin city.



Large industrial users

31

708 GWh



Commercial businesses

547

71 GWh



Mature homes

2,726

33 GWh



New homes

1,254

12 GWh



New apartment blocks

12

19 GWh



Powering over

34%

of primary energy needs



Powering over

40%

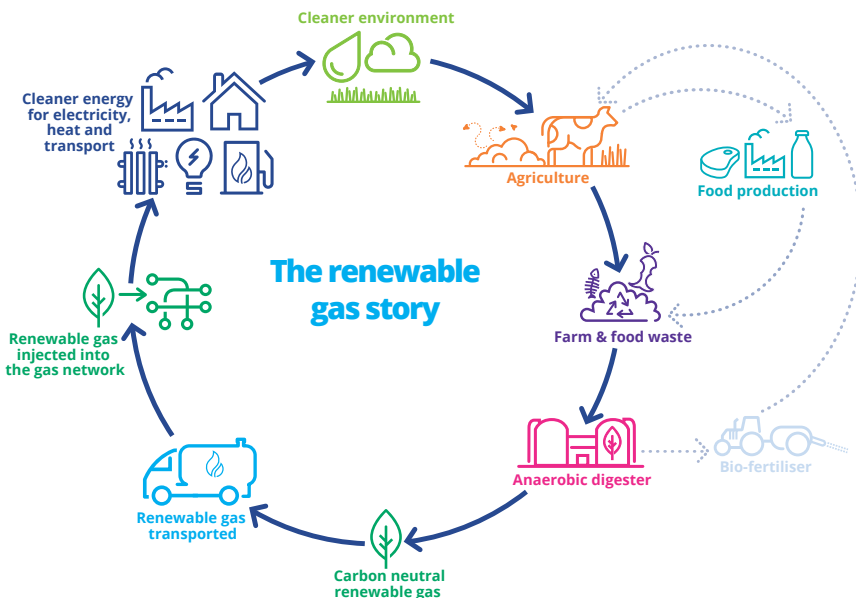
of heating



Powering over

46%

of electricity generation



Included in the small-to-medium-enterprise connection orders were 22 connections to schools across the country. Gas Networks Ireland worked with all stakeholders including the Department of Education, the Office of Public Procurement, Boards of Management and Principals and Facility Managers to assist with selection of the best technologies to meet their requirements. 2,726 homeowners made the decision in 2021 to switch from other fuels to natural gas. The majority of these customers also installed solar technologies to compliment the solution with renewable electricity generation.



2021 business highlights

1. Gas remained the backbone of Ireland's energy mix

In 2021 gas generated 46% of Ireland's electricity; 43% on an all-island basis. Wind's share of electricity generation fell from 35% in 2020 to 29% in 2021, and coal's generation climbed from 5% in 2020 to 11% in 2021.

At their peak, gas and wind powered up to 84% and 77% of Ireland's electricity needs respectively, but the intermittent nature of wind saw it drop lower than 1% at times, while the contribution of gas didn't drop below 10% during 2021. Coal provided as much as 29%.

2. New connections

During 2021, a total of 547 small-to-medium enterprises, 31 large industrial customers, almost 4,000 homes and 12 apartment blocks contracted to be connected to the natural gas network in 2021. A further split of these contracts is provided below together with the aggregated estimated annual consumption for these new gas customers:

- 708 GWh - 31 Large industrial users
- 71 GWh - 547 Commercial businesses
- 33 GWh - 2,726 Mature homes
- 12 GWh - 1,254 New homes
- 19 GWh - 12 New apartment blocks

In terms of completions (meter-fits), over 6,200 new connections were completed in 2021 with all works carried out in accordance with the Government's public health guidelines.

3. €147m investment into Ireland's gas network as it transitions to cleaner energy future

Ireland's gas network is already delivering for Ireland, supporting the transition to a cleaner energy future. In line with our counterparts in the UK and Europe, our focus is also on transitioning our gas supply to renewable technologies such as biomethane and hydrogen.



4. Responding within the hour, every hour

In 2021 we responded to 14,646 suspected gas escapes, carbon monoxide issues and incidents within an average of 29 minutes.



5. Hydrogen research collaboration with UCD

Research and development towards a cleaner energy future for Ireland is underway at the Network Innovation Centre in Citywest, Dublin and UCD. Together with our research partners from academia and industry, we're collaborating to ensure the safety and operability of the Irish Gas Network when transporting a blend of hydrogen and methane.

6. Ireland's road to net-zero commercial transport

In 2021 we added Circle K's forecourts at Clonsaugh in Dublin and Ballysimon Road in Limerick City to the expanding network of publicly accessible Compressed Natural Gas (CNG) refuelling stations and have another 11 in development. Additionally, to help Ireland's fleet operators and hauliers transition to cleaner, affordable CNG vehicles, we launched a €2.9m CNG Vehicle Grant Scheme, cofinanced by the European Union's TEN-T Programme under the Connecting Europe Facility as part of the Green Connect Project.



7. Biomethane: a sustainable solution for Irish farmers and energy security

With small volumes of indigenously produced biomethane flowing into Ireland's gas network at the country's only purpose-built gas injection facility in Cush Co. Kildare, in 2021 we began the detailed design and development of a second renewable gas injection facility in Mitchelstown in Co. Cork.

8. Aurora Telecom

Aurora continued to expand its national footprint in 2021, connecting the main cities; key urban centers and datacentres across 15 counties. The Aurora team also successfully commissioned a 70km dual feed connection to interconnect a new subsea cable that links Ireland to the Isle of Man, to mainland UK. This critical infrastructure provides one of the shortest and most secure networks between both countries.

9. Green business of the year 2021

Through our ongoing commitment to sustainability, we achieved a B rating in the carbon disclosure programme (CDP), up from a B- in 2020. In addition, we won an Outstanding Community Support Award at the CCA Excellence Awards and two Green Awards for Green Business of the year and Green Large Organisation of the year 2021.

10. Third sustainability report

We published our third annual sustainability report in alignment with the United Nations Sustainability Development Goals in 2021, outlining progress in implementing the principles of sustainable development across all aspects of our operations. The 2020 report met the Global Reporting Initiative standard for sustainability reporting for the first time.

11. Response to the COVID-19 pandemic

Our robust and tested procedures ensured that Ireland's essential gas network continued to operate safely and without interruption throughout the pandemic in 2021.

Gas generated more electricity than any other energy source

The national gas network is the cornerstone of Ireland's energy system, powering over 34% of Ireland's primary energy needs, over 40% of the country's heating, and 46% of its electricity generation. On days of low wind, gas contributes as much as 84% of the generation fuel mix.

Powering over
34%
of primary energy needs

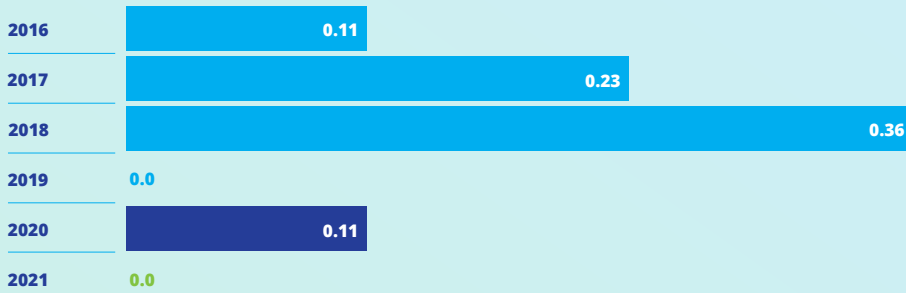
Powering over
40%
of heating

Powering over
46%
of electricity generation

Operating performance

Safety

Total Lost Time Incident Frequency Rate (LTIFR) – Employees (>1 day)/100k hours



- We use the Lost Time Incident Frequency Rate (LTIFR) to track the # of employee accidents per 100,000 hours worked that result in a staff member needing to take >1 day off work.
- Safety is a core values and is at the heart of everything we do. The 'Work Safe Home Safe' safety culture programme has been in place since 2015 and we continue to work to improve our safety performance.

Safety

Average # mins to respond to public reports of gas escapes.



- We measure how quickly we respond, on average, to reports of gas escapes as reported by the public. Our agreed metric with the CRU is 97% response within 1 hour. In 2021, a 100% compliance rate was achieved.
- This is a core safety metric. Maintaining these high-performance standards consistently over time shows how important this is to us.

Customer service

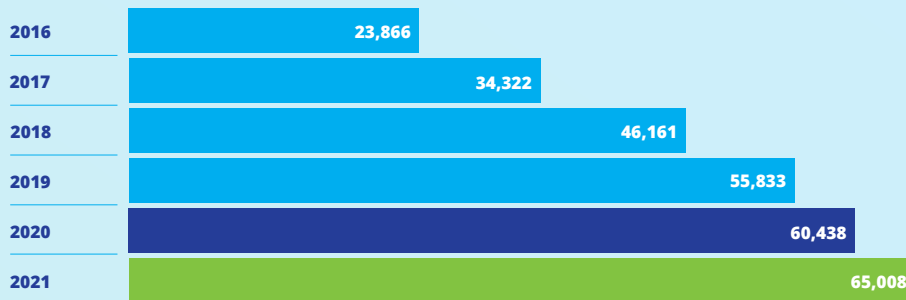
First contact resolution



- We review a sample of our customer contacts each month across a range of different call types. A selection of calls are surveyed independently to validate the scores.
- This measure tells us how often we are able to resolve a customer's request on that first contact, without the need to get further information, escalate to the back office, create a complaint or follow up.

Growth

New connections cumulative 2017–2021



- We measure the increase in network utilisation as a result of new connections.
- While we continue to see growth in new connections, the volume is primarily driven by industrial customers and businesses.

Capital expenditure

Capital expenditure (Capex - €m)



- We include infrastructure spend on plant, property, equipment and intangible assets.
- Delivering capital programmes is central to our ability to develop and maintain our networks.

Cumulative operating efficiencies

Operating expense (Opex) efficiencies (€m)



- We drive efficiencies in how we deliver our services on an ongoing basis.

Risk management

The risk management landscape for Gas Networks Ireland is ever evolving and risk management is an Integral part of all our activities.

Risk Management assists us to navigate challenges and seize opportunities in order to achieve our short and longer term strategic objectives.

The nature of our business operations is long term, resulting in many of our risks being enduring in nature. These risks can develop and evolve over time, as their potential impact or likelihood changes in response to internal and external events. At the same time new risks are constantly emerging. Proactive risk management allows us to create added value for our shareholders, customers and the wider community.

The 2021 risk landscape was challenging, however Gas Networks Ireland managed these challenges effectively and continues to do so. The ongoing Covid-19 pandemic meant there was ongoing crisis management and business continuity activities throughout the year to ensure we prepared for and responded to any disruptive factors and protected our staff and ensured continuity of service. Other challenges facing Gas Networks Ireland are highlighted in the principal risks and uncertainties section below. The external environment was closely monitored for any impact to us, such as macro impacts arising from Covid-19, Energy Price volatility and meeting increased demand for gas.

Risk management framework

Gas Networks Ireland has well established governance structures which include comprehensive risk management to manage, monitor and report on the principal risks and uncertainties that could impact our ability to deliver our strategic objectives. The system of risk management and policy is well established and is consistently operated across the organisation.

The Board have ultimate responsibility for risk management, with risk management activities also taking place at all levels across the organisation to ensure the effective day to- day management of risk and the proactive management of emerging risks. Annually the risk appetite is set by the Board by determining the nature and extent of the risks we are willing to accept in pursuit of our strategic objectives.

The Audit and Risk Committee has the delegated authority to support the Board with these obligations. They are supported in maintaining an effective risk management environment by a dedicated risk team and, a top-down, bottom-up governance committee model. This model has been further enhanced and integrated to ensure that there is clarity of ownership and responsibility for risk management.

A focus on ensuring an ongoing proactive risk management culture at all organisational levels was enhanced by the successful delivery of a risk awareness training campaign during 2021.

Ervia uses a simple four-step process to ensure the consistent identification, assessment, response and monitoring of risk across the organisation. (see figure 1.1.)

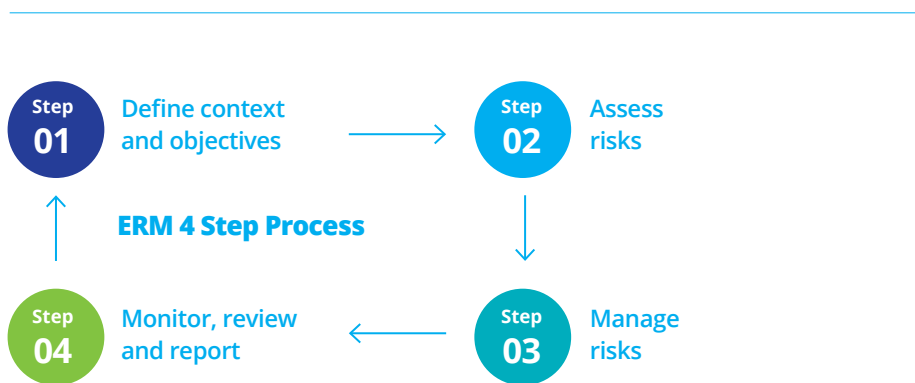


Figure 1.1 - ERM 4 Step Process

Our risk management activities



Day to day

Operational areas

Identify, manage, challenge and report risks.



Integrating with strategy and process

Operational areas

Risk assessment is integral to strategic planning, investment prioritisation and project appraisal.



Governance

Operational areas

Functional and Executive Risk Committees support the Audit and Risk Committee.

Risk	Context	Mitigation
Health, safety and environment		
<p>1 A significant safety incident resulting in a risk of serious injury/ fatality to staff, delivery partner or the public.</p>	<p>All health, safety and environmental legislation and arrangements must be adhered to in order to protect staff, contractors, and the public from injury or fatality and avoid potential prosecutions, financial loss and reputational damage.</p>	<ul style="list-style-type: none"> • The Central Safety Committee (which is an Executive Committee) oversees Health and Safety performance. • Certified to the ISO45001 Safety Management System and the ISO14001 Environmental Management System. • Internal and external assurance activity, audits, emergency exercises and reviews.
<p>2 There is a risk that we fail to prepare and respond to significant disruptive factors caused by the COVID-19 pandemic to ensure the safety of our staff and continued delivery of services.</p>	<p>Large scale employee illness due to an epidemic or pandemic (e.g. COVID-19) that affects Ireland's population, potentially impacting employee health and wellbeing, operations, service delivery and supply chain.</p>	<ul style="list-style-type: none"> • Ervia and Gas Networks Ireland COVID-19 response plan in place - Crisis Management Teams operating for crisis duration. • Business continuity, contingency arrangements activated. • COVID-19 Response Plan and living with COVID-19 Plan continuously updated in line with government guidelines. • Engagement with key stakeholders (HSE, HSA, CRU, Government Departments etc.) and peer utility benchmarking. • Clear communications plan. • Essential workers identified for office/ field/site work with supporting COVID-19 controls in place as per response plans.

Risk management

Risk	Context	Mitigation
Security of supply		
<p>3 The security of Ireland's natural gas supply is dependent on its ability to access imports, and the capacity and integrity of the supply and distribution infrastructure. An inability to meet the required gas demand could result in reputational and financial damage.</p>	<p>Gas Networks Ireland is responsible for operating the natural gas pipeline network to ensure gas supply to the Republic of Ireland.</p>	<ul style="list-style-type: none"> • Twinning of the onshore gas pipeline in Scotland reinforces security of Supply for Ireland and the UK. • Completion of the Ballough Bypass project in 2021 provides increased resilience to the network. • The Corrib gas field provides an indigenous supply of gas and enhances security of supply for Ireland for next number of years. • To support meeting Irelands increased demand for new power generation, Gas Networks Ireland is actively engaging with Eirgrid and the CRU on potential projects. • Strategic communications strategies which develop as policy evolves, setting out Gas Networks Ireland's role in achieving energy policy. • The National Risk Assessment is required under Article 7 of Regulation (EU) 2017 / 1938 (Gas Security of Supply). Gas Networks Ireland work with the CRU to complete this risk assessment as required every 4 years. • In 2021 DECC initiated a review of energy security of supply.

Securing the future - decarbonisation and climate change





<p>4 Failure to secure a role for natural and renewable gas in Irelands energy transition or to secure an enduring role for the gas network in Irelands decarbonised energy system.</p>	<p>Decarbonisation of energy remains one of the biggest challenges facing the world. EU and Irish energy policies are targeting the long-term elimination of fossil fuels, including natural gas (which is the cleanest fossil fuel). Inability to decarbonise the gas network will result in underutilisation and a risk of continued adverse energy emissions. This could lead to tariff increases and potentially stranded assets.</p>	<ul style="list-style-type: none"> • Strategy under ongoing review and development with clear Governance and monitoring. • Ongoing investment in sustainable initiatives in support for new gas technologies and renewable gas sources e.g. hydrogen, bio-methane, CNG. • Stakeholder engagement on a domestic and European level to underline the importance of the gas grid in the decarbonisation of EU energy systems. • Key engagement with the CRU through the price control process (latest price control - PC5 - submitted for CRU determination in 2023) to ensure alignment in delivering the commitments under the Governments Climate Action Plan and Network Development Plans.
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Risk	Context	Mitigation
Infrastructure and service delivery		
<p>5 An inability to fully deliver on capital investment plans and programmes resulting in failing to achieve network capacity or sustain asset health due to limited supply chain capacity within the construction industry or a failure of a key supplier.</p>	<p>Large capital programme agreed with the Commission for Regulation of Utilities (CRU) for 2017-2022.</p> <p>Similar programme being planned for period 2022-2027. Gas Networks Ireland strategy to decarbonise the gas network requires significant investment.</p>	<ul style="list-style-type: none"> • Engagement with Commission for Regulation of Utilities (CRU) on future spend and targets.(Price Control – PC5). • Corporate plans in place with Gas demand planning and business planning. • Internal supply chain expertise and Proactive supply chain interactions. • New construction and engineering contracts (NSWC) in place which ensures partners right sized for Gas Networks Ireland workload. • Broad recognition across Government, Regulators and Energy industry that the growth of renewables is complimented and supported by Natural Gas.
<p>6 A cyber-attack targeting systems or infrastructure causing serious loss of service, data leakage or restriction to information and/or operational technology would impact service delivery and infrastructure.</p>	<p>An incident could result in potential business delivery disruption, safety issues, reputational damage or potential regulatory fines - likelihood potentially increased in current remote working environment (due to COVID-19).</p>	<ul style="list-style-type: none"> • Security Operations Centre operating 24/7 monitoring IT and OT assets. • Cyber Response Plan and Runbook under ongoing review and simulation exercises undertaken. • Training and Awareness programmes for all staff. • Ongoing investment in prevention and pro-active controls across all critical systems. • Ongoing risk assessments, IT expertise procured and external independent assurance reviews.

Risk management

Risk	Context	Mitigation
Our people		
7 Not having the right organisational structure and the right people and culture in place would undermine the ability to deliver our business objectives.	Significant organisational transformation undertaken during 2021.	<ul style="list-style-type: none"> • Organisation Design Steering Group and work force planning process are in place to plan, manage and support all organisational transformations. • Engagement and culture approaches, including regular surveys, alongside continuous improvement processes in place. • Significant Health and Wellbeing programmes in place to support staff. • HR strategy is being implemented which includes initiatives such as an ibelong diversity and inclusion programmes, agile working and employee development programmes.
Financial and economic		
8 Our activities expose us to a number of global macroeconomic and financial risks – credit risk, funding and operational allowance model risk, liquidity risk, currency risk and interest rate risk.	Macro-economic impacts such as increasing market interest rates, fluctuating Fx rates or commodity price risk (Carbon/ Electricity price increases) impacting on Gas Networks Ireland directly or indirectly through an impact on our Customers or Suppliers.	<ul style="list-style-type: none"> • Defined risk limits, delegations of authority and exposure monitoring in place. • Close monitoring of gas and electricity and energy market volatility, the impact of increased electricity costs on gas demand the indirect impacts to suppliers and customers. • Ongoing engagement and relationships with Government, institutions and potential investors. • Close monitoring and impact assessment for any macroeconomic events e.g. COVID-19.

Key projects 2022

-  **EU's Hydrogen and Gas Markets Decarbonisation Package (i.e. Gas Legislative Review).**
-  **Focus on continued engagement with all stakeholders, including DECC's Energy Security Review and Energy Storage Review.**
-  **Supporting Gas Networks Ireland's participation in the Government's interdepartmental hydrogen working group.**
-  **Continue to roll-out a national network of CNG stations.**
-  **Aurora to commence works on fibre backhaul connections for multiple international submarine cable systems.**
-  **Continue to invest in the development and wellbeing of our staff.**
-  **Progress a number of capital works including:**
 - Commencement of construction on major security upgrades of the Compressor Stations in Scotland.
 - Capacity upgrade of Collinstown and Diswellstown AGIs.
 - Upgrade of the heating system at Gormanston AGI, a landfall station.
 - Construction of 1.7km Transmission pipeline and capacity upgrade at Nangor AGI to facilitate a new connection to a Power Station customer.

Our sustainability strategy

Sustainability is one of the five pillars of Gas Networks Ireland’s business strategy and we are committed to ensuring that sustainability is at the core of our business decisions strategy.

Our sustainability strategy has three pillars, Environment, Social and Economic, and is aligned with the United Nations’ Sustainable Development Goals.

We are ever mindful of our sustainability responsibilities and aim to contribute to the protection of the environment while supporting the social and economic

development of the communities we operate in. We are proud of the fact that we are one of only 46 companies in Ireland to hold the Business Working Responsibly (BWR) mark and are committed to ensuring that sustainability is at the forefront of everything we do and help Ireland to reduce its carbon emissions.

As a leading utility company, sustainability is defined by our role in delivering an affordable and clean energy future for the people of Ireland through the decarbonisation of our network and reduction of emissions across all sectors of Irish Society.

During 2021 we continued to embed sustainability in our strategy and purpose.

2030 Strategy

Growth

Delivery

Sustainability

Customer

People and Culture

Sustainability

The six United Nations’ Sustainable Development Goals at the core of our Sustainability Strategy

Economic



Primary UNSDG

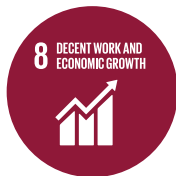
Ensure access to affordable, reliable, sustainable and modern energy for all.



Primary UNSDG

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

Social



Primary UNSDG

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.



Supporting UNSDG

Ensure healthy lives and promote well-being for all at all ages.

Environment



Supporting UNSDG

Take urgent action to combat climate change and its impacts.



Supporting UNSDG

Ensure sustainable consumption and production patterns.

Sustainability steering committee

GRI 102 – 18

Sustainability governance and sustainability resources

In 2020, we established a dedicated Sustainability team, which now sits within the Strategy and Regulation Department. The role of the Sustainability team is to drive sustainability initiatives across the business and report on our Sustainability performance.

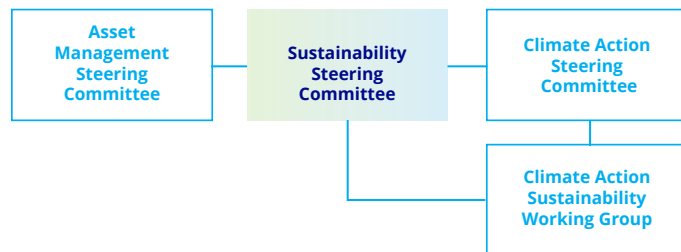
The team now reports to an overall Sustainability Steering Committee which consists of members from the Executive Management Team, including our Director of Strategy and Regulation, Director of Business Services, Director of People, Head of Commercial, Treasury & Risk, Head of Asset Delivery, Sustainability Manager & Asset Engineering Manager. The Sustainability team also reports to the Gas Networks Ireland Executive Team and Board and works closely with the Climate Action Steering Committee and the Asset Management Steering Committee.

We have robust management systems in place which are audited annually by the National Standards Authority of Ireland (NSAI) and by our internal auditing teams. We are certified to five ISO management systems: ISO14001 Environmental Management, ISO50001 Energy Management, ISO45001 Occupational Health and Safety, ISO9001 Quality Management and ISO55001 Asset Management.

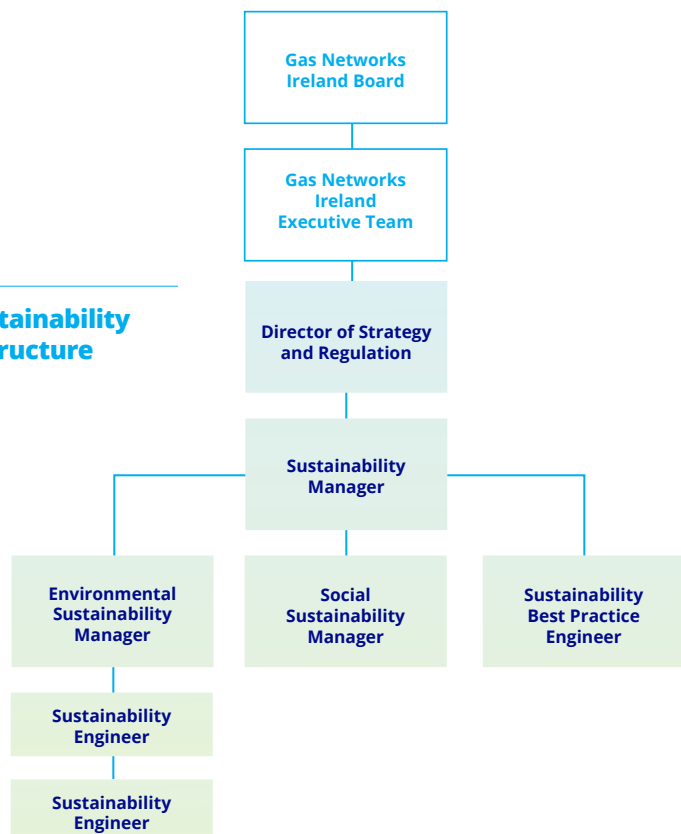
We also hold the Business Working Responsibly Mark which is aligned to the Social Responsibility Standard ISO26000.




Sustainability team





Our Sustainability team structure





Our sustainability highlights


- 


Continued to publish our annual sustainability report “Sustainability in Action”, highlighting progress in implementing the principles of the UN Sustainable Goals. The 2020 report met the Global Reporting Initiative standard for sustainability reporting for the first time.
- 


Participated in the Carbon Disclosure Platform (CDP) for the second time. We improved our rating from a B- to a B which demonstrates our commitment to improving our carbon performance year on year. We also scored a rating of A- for Supplier Engagement.
- 


Won the CCA Global Outstanding Community Support Award - one of five new categories introduced this year to recognise effort and response to Covid-19.
- 


Won the inaugural Age Action BIG Corporate Challenge for fundraising efforts demonstrated by colleagues across the business.
- 


Won Green Business of the Year 2021, and for the second year running won the Green Large Organisation of the Year at the 2021 Green Awards.
- 


Recertified to ISO26000 Business Working Responsibly Mark for responsible and sustainable business practices for the fourth time.
- 

Maintained certification to our five ISO Management Systems, ISO14001 Environmental Management System, ISO50001 Energy Management, ISO45001 Occupational Health and Safety, ISO9001 Quality Management System and ISO55001 Asset Management
- 

Supported 31 community projects and provided over €210,000 of financial support to local communities.
- 

Achieved a 52% improvement in energy efficiency for our offices and fleet, from our energy efficiency baseline.
- 

Research and development towards a cleaner energy future for Ireland commenced at the Network Innovation Centre in Citywest, Dublin. Together with our research partners from academia and industry, we’re collaborating to ensure the safety and operability of the Irish Gas Network when transporting a blend of hydrogen and methane.
- 

Two more publicly accessible fast-fill Compressed Natural Gas (CNG) stations, opened, forming part of the developing national network of CNG stations.
- 

We transported 5GW of biomethane in 2021.



Our sustainability priorities

2020

- Developed a sustainability strategy and established a sustainability team
- Took part in the Carbon Disclosure Platform (CDP) for the first time with a B- rating
- Won the Sustainable Energy Achievement Award and the Green Large Organisation Award at the Green Awards
- Re-certified all five ISO Management Systems
- Sustainability featured as key part of our new main contractor contract

2021

- Sustainability report aligned with Global Reporting Initiative standard
- Improved our Carbon Disclosure Platform (CDP) rating from B- to B
- Re-certified to the Business Working Responsibly Mark standard
- Generated a methane emissions management plan
- Conducted a staff culture survey on sustainability
- Developed a Biodiversity Strategy and a Biodiversity Action Plan

2022

- To continue to develop and refine our sustainability strategy and current objectives
- Continue to develop our Sustainability Reporting in line with GRI and best practice requirements
- To continue to develop and maintain ISO management systems, including the Environmental Management Systems (ISO14001), Energy Management System (ISO50001), Business Working Responsibly Mark (aligned to ISO26000), Asset Management System (ISO55001), Quality Management System (ISO9001) and Occupational Health and Safety Management System (ISO45001)
- To deliver the 2022 Gas Networks Ireland Biodiversity Action Plan Objectives
- To complete the 2022 CDP submission
- To contribute to the Business in the Community Diversity and Inclusion “Elevate Pledge” 2022 Report
- To develop and deliver our Sustainability communications/engagement plan to improve our Sustainability culture
- To deliver the 2022 Gas Networks Ireland methane emissions plan
- To continue to develop and report on sustainability KPIs including, sustainability linked finance KPIs
- To ensure our sustainability goals successfully evolve in collaboration with our main contractors including Murphy International, GMC Utilities Group and SGN Natural Gas

2025

- Be recognised as a leader in sustainability
- Achieve an A rating in the Carbon Disclosure Platform
- Achieve 2025 science-based targets
- Achieve 2025 “Seeds for Nature” Biodiversity Commitments
- Send zero waste to landfill
- Deliver compressed natural gas (CNG) refueling station targets

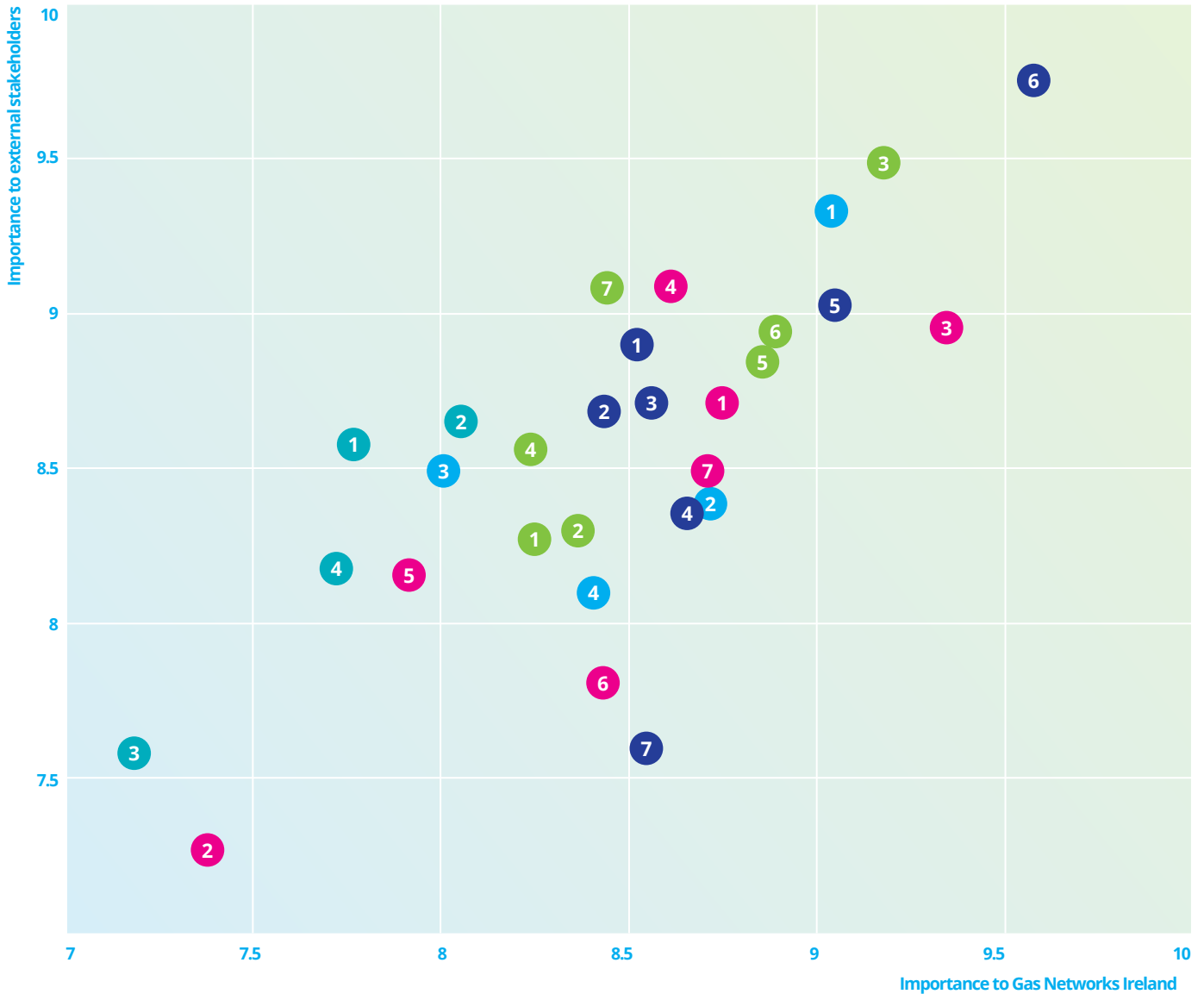
2030

- 50% reduction in greenhouse gas emissions intensity
- Achieve 2030 science-based targets
- Deliver renewable gas targets on the network

2050

Net-zero national gas network realised for Ireland

Materiality assessment



- **Social - Marketplace**
 1. Anti-bribery and ethical business
 2. Accessibility
 3. Stakeholder Engagement
 4. Affordable and Clean Energy Advocacy
 5. Cyber Security
 6. Network Safety
 7. Public Awareness

- **Social - Workplace**
 1. Occupational Health, Safety and Well Being
 2. Talent attraction and retention
 3. Diversity and inclusion
 4. Organisational change management

- **Social - Community**
 1. Environmental Awareness
 2. Community Engagement
 3. Charitable Partnership
 4. Social Inclusion

- **Environment**
 1. Waste Management
 2. Protecting Biodiversity
 3. Decarbonisation of Gas Network
 4. Energy Management
 5. Methane Emission Management
 6. Pollution Prevention
 7. Carbon Footprint Management

- **Economic**
 1. Renewable Gas
 2. CNG Fast Fill Stations
 3. Security of Supply
 4. Risk Management
 5. Supply Chain Management
 6. Other Innovation
 7. Hydrogen

We have conducted a Materiality Assessment to assist in the development of our Sustainability Strategy. Materiality helps identify and prioritise the sustainability issues that matter most to our business and stakeholders.

Our materiality analysis largely confirmed results from previous years, with our employees rating Network Safety, Security of Supply and Decarbonisation of the Gas Network as the top priorities, while external stakeholders rated Network Safety, Decarbonisation of the gas network and Occupational health, safety and well-being as the top priorities.

Sustainability context

The context in which we operate as a national semi-state utility was considered when determining the list of relevant topics. We used the ISO26000 Business Working Responsibility Mark standard as the framework for considering material areas, including topics under workplace, marketplace, governance, community and environment.

Materiality completeness

The report considers all significant impacts across our value chain and ensures that all data included incorporates our most material topics.

Stakeholder inclusiveness was ensured by considering feedback from our stakeholder engagement matrix. 37 external stakeholders and 134 employees responded to our materiality survey. The external stakeholder list was created in conjunction with our stakeholder manager and approved by our Sustainability Steering Committee.

GRI 102 – 48 Restatement of information.

No restatement of the 2020 report was made.

GRI 102 – 49 Changes in reporting.

There are no significant changes in the list of material topics and topic boundaries compared to previous reporting periods.

GRI 102 – 50 Reporting period.

The reporting period covered in this report is January 2021 to December 2021.

GRI 102 – 51 Date of most recent report.

Our most recent sustainability report covered the 2020 period. This report covers our 2021 performance.

GRI 102 – 52 Reporting cycle.

Our sustainability report is published annually.

GRI 102 – 53 Contact point.

Any queries related to this report can be sent to Anne Moore, Sustainability Manager, sustainability@gasnetworks.ie.

GRI 102 – 54 GRI reporting.

This report has been prepared in accordance with GRI Standards: Core option.

GRI 102 – 55 Content Index.

Please see appendix.

GRI 102 – 56 External assurance.

Our 2021 Sustainability Report has not been externally assured.

GRI 102 – 3.

Our headquarters are based in Gasworks Road, Cork, T12 RX96.

Environment

We are committed to the highest standards of environmental management and to proactively addressing the challenges of climate change.



Introduction

Investment in leading edge asset management systems and processes will contribute to enhanced network asset performance and energy efficiency. In 2021, Gas Networks Ireland maintained certification to ISO14001 and ISO5001 along with ISO systems, ISO45001, ISO55001 and ISO9001.

We have adopted an iterative multi-year approach to reducing the environmental impact of its business activities. Significant milestones on this journey have been the implementation of an Environmental Management System (certified to ISO14001) in 2012, achieving the Energy Management System certification (ISO50001) in 2014 and being one of the first companies in the country to achieve the Asset Management System Standard ISO55001 in 2015.

We continued to published the annual Sustainability Report in alignment with the United Nations Sustainability Development Goals in 2021, outlining progress in implementing the principles of sustainable development across all aspects of our operations. Last year's report met the Global Reporting Initiative standard for sustainability reporting for the first time. Gas Networks Ireland won both the Green Business of the Year Award and the Green Large Organisation of the Year Award at the 2021 Green Awards.

This was the second time we won at these awards, at what is seen by many as Ireland's leading environmental event for businesses. The winner of the Green Business of the Year Award is chosen by a panel of judges and selected from the winners of all other categories. The Green Large Organisation of the Year Award goes to the large business who can demonstrate a bottom-up best environmental practice in all aspects of running a large business. Judges examined all aspects of the business including waste management, biodiversity, use of green suppliers or materials, transport, energy and water efficiencies, staff engagement and community involvement.

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. Our Green House Gas (GHG) inventory was independently verified according

to ISO14064-3:2019 specifications with guidance for the Validation and Verification of Greenhouse Gas Statements.

The environmental team promotes an integrated and strategic approach to environmental and energy management across the business and our asset base. Bespoke in-house design toolkits and environmental guidance assist our designers, planners and operations colleagues to apply a standardised approach to environmental management.

In 2021, we continued to focus on the management of climate action, biodiversity, water, waste, energy, and GHG emissions.



Environment

Climate action

Securing our future - Working collaboratively to develop a sustainable energy system that facilitates and supports Ireland's net zero target.

The gas network is crucial to Ireland's energy mix and imperative to achieving climate action targets. Our vision is for a net zero carbon gas network by 2050, by replacing natural gas with renewable gases, such as carbon neutral biomethane made from agricultural and food waste and carbon free green hydrogen. Decarbonising the gas network will complement the development of renewable electricity, reduce emissions across all sectors of the economy including those that are traditionally difficult to decarbonise such as industry, agriculture and heavy transport, and further enhance the security and diversity of Ireland's energy supply.

The European Union, through its 2021 Climate Target Plan Impact Assessment, concluded that gas will continue to provide 20% of Europe's energy in 2050. The EU Energy System Integration stating that of this 20% "80% should be

of renewable origin". We are currently working to meet the Government's 2021 Climate Action Plan (CAP) target of 1.6TWh/yr of biomethane on the national gas network by 2030, noting the Government's intent to explore opportunities to increase targets and further reduce emissions in the agri-food sector, which we believe is possible.

In 2021, we commissioned 'The Sustainability of Biomethane Production in Ireland' report, which was undertaken by Devenish Nutrition and KPMG Sustainable Futures. It concluded that agriculturally produced biomethane can be delivered sustainably and at scale to help reduce on-farm emissions and decarbonise Ireland's energy system. The report found that there is sufficient capacity from improved efficiency across land already in agricultural production to produce up to 9.5TWh of biomethane. The Renewable Heat Obligation (RHO) consultation launched in August 2021

called for the development of renewable heat sources and if enacted will drive growth in biomethane production. This model of targets and market support is the basis of the successful growth of renewable electricity in Ireland and of renewable gas throughout Europe. While current volumes of biomethane entering Ireland's gas network are minimal, volumes are expected to increase significantly in line with the CAP and proposed RHO.

CNG

Heavy goods vehicles and buses account for a disproportionate amount of Ireland's transport emissions. Emitting significantly less carbon dioxide than diesel and petrol, compressed natural gas (CNG) is a cleaner and affordable alternative fuel that is helping to decarbonise the Irish transport sector. Furthermore, CNG vehicles are entirely compatible with biomethane, meaning that as Ireland gradually increases the volume of biomethane on the national network, vehicles refuelling from the gas network will further reduce their carbon footprint without changing a thing.

In 2021 two more publicly accessible fast-fill Compressed Natural Gas (CNG) stations, opened at Circle K's forecourt at Clonsaugh in Dublin and Ballysimon Road in Limerick City bringing the



To support more hauliers in making the sustainable switch, we launched a €2.9m CNG Vehicle Grant scheme in 2021 to support the purchase of up to 400 gaspowered trucks, buses and vans to help drive a more sustainable transport sector.

country's total number of public stations to four. Dispensed usage of CNG has doubled as a result. The country's four publicly accessible, fast-fill CNG stations, form part of the developing national network of CNG stations aimed at providing clean fuel to the HGV sector. Strategically located to support prominent haulier routes, the state-of-the-art stations have the capacity to fill 50 Heavy Good Vehicles (HGVs) a day, with each fill taking no more than five minutes. The new stations allow hauliers and fleet operators in the region to begin the journey to sustainable transport by switching their fuel from diesel to CNG today and ultimately transition to networked renewable gases, including biomethane and hydrogen, in the future.

The country's first CNG tipper grab truck is now on the road. The vehicle generates well-to-wheel CO₂ emissions reductions of up to 23% (CENEX,2019) and nitrous oxide (NOx) by up to 50% (UK Department of Transport, 2018) compared to its diesel counterparts and is strong example (<https://www.gasnetworks.ie/business/natural-gas-in-transport/compressed-natural-gas/research/>) of how Ireland can decarbonise a transport sector for which electric vehicles are not a viable option.

Kerry County Council became the first local authority in Ireland to trial a zero carbon Heavy Goods Vehicle (HGV) powered by renewable gas. During the two-week trial, Kerry County Council used this clean transport solution to move road salt from Co. Tipperary.

To support more hauliers in making the sustainable switch, we launched a €2.9m CNG Vehicle Grant scheme in 2021 to support the purchase of up to 400 gas powered trucks, buses and vans to help drive a more sustainable transport sector. The Grant covers 20% of the difference between CNG and diesel-powered vehicles, capped at €5,000,

with a maximum €60,000 available to any one applicant.

Renewable gases

Biomethane

Biomethane is largely identical to natural gas, meaning that it can seamlessly replace gas in appliances, heating systems, transport and power generation. A renewable gas industry in Ireland would support the decarbonisation of the agricultural sector and provide significant opportunities to rural communities.

Following the seamless introduction of small volumes of biomethane into the network since 2019, Gas Networks Ireland was granted planning permission by An Bord Pleanála in December 2020 for a proposed development of a biomethane injection facility near Mitchelstown in Co. Cork. The time period for Judicial Review lapsed in February 2021 and the project land purchase was completed during 2021. The Mitchelstown CGI facility is part of the GRAZE Gas Project, which has been awarded funding by the Department of Environment, Climate and Communications under the Climate Action Fund. Gas Networks Ireland has operated a scheme for the issuance of electronic certificates to track Renewable Gas delivered to the Irish gas system. Input to the Statutory Instrument was submitted to the Department of Climate Communications and Environment in 2021. Statutory Instrument number 350 of 2022 was signed into ROI legislation on 12th July 2022 by Eamon Ryan, Minister for the Environment, Climate and Communications. Article 25 of the Statutory Instrument appoints Gas Networks Ireland as the Issuing Body for Guarantees of Origin for Gas, produced from renewable sources, including hydrogen produced from renewable sources.

Environment

Hydrogen

Hydrogen is a carbon free gas that can be produced from renewable electricity and stored indefinitely, making it an attractive option to decarbonise energy systems and a strong example of how greater integration between our gas and electricity systems can drive a cleaner energy future for Ireland.

Ireland's gas network is one of the safest and most modern gas networks in Europe. Blends of up to 20% hydrogen could be transported on the existing gas network and used in existing appliances, technology and vehicles, with minimal disruption and upfront cost to customers.

We continue to participate in a number of Irish and European gas fora and research initiatives, which are assessing how hydrogen could be transported using existing gas networks. We have built a distribution test network in our facility in Citywest, Dublin to allow us to test how blends of natural gas and hydrogen perform in the network and also with downstream appliances.

Hydrogen case study

Investigating various blends of hydrogen for use on the gas distribution system and for gas customers.

Hydrogen is a carbon free flammable gas that can be produced from renewable electricity and is well suited to storage, making it an attractive option to decarbonise energy systems and a driver for a cleaner energy future for Ireland.

A hydrogen research project investigating the use of blends of hydrogen and natural gas for use in Irish homes and on the distribution gas network commenced in the summer of 2021. Led by Gas Networks Ireland's Innovation Delivery team, together with Dr Ali Ekhtiari and Dr Eoin Syron from University College Dublin's Energy Institute (UCDEI) the research team is testing the operation and performance of household appliances with varying levels of hydrogen and natural gas blends. Using the testing facilities at both UCDEI's Integrated Energy Lab and Gas Networks Ireland's new network innovation facility in west Dublin, which enables the safe testing of pipelines, meters and appliances off-network; the team is working to understand the full potential of hydrogen and ensure Ireland's gas pipelines are capable of safely transporting and storing this vital carbon free gas. The decarbonisation of Ireland's gas network is essential if we are to transition to a net-zero energy system in Ireland by 2050. This project will provide the data needed to understand how adding hydrogen to the gas network will impact the devices and appliances to ensure a smooth transition with minimal cost and disruption to consumers.



Environmental management systems

We recognise that our activities have the potential to cause environmental impacts and that it is our responsibility to manage our activities in a manner that provides a high level of protection for our natural environment and contributes to the reduction of greenhouse gas emissions, while supporting sustainable economic development. Due to the nature of our activities we are subject to rigorous standards of environmental legislation and regulation through environmental licences and permits issued by relevant regulatory authorities.

For example, our compressor stations in Scotland are licenced by the Scottish Environmental Protection Agency and we comply with all aspects of our licences. Non licenced activities are subject to assessment during planning processes and we have developed tools to help our designers and planners carry out such assessments. 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.

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.

Our Green House Gas (GHG) inventory was independently verified according to ISO14064-3:2019 specifications with guidance for the Validation and Verification of Greenhouse Gas Statements.

The environmental team promotes an integrated and strategic approach to environmental and energy management across the business and our asset base. Our bespoke in-house design toolkits and environmental guidance assist our designers, planners and operations personnel to apply a standardised approach to environmental management.

In 2021 we continued to focus on the areas of biodiversity, GHG emissions/ carbon management, waste, energy and procurement.

GRI 307-1 (A)

Environmental performance

Any significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations are demonstrated in the table below;

	2021
(i) Total monetary value of significant fines	0
(ii) Total number of non-monetary sanctions	0
(iii) Cases brought through dispute resolution mechanisms	0

Access to information on the environment

The Access to Information on the Environment (AIE) Directive was transposed into Irish law by the European Communities (Access to Information on the Environment) Regulations 2007 to 2014 (the "AIE Regulations"). Under the AIE Regulations, members of the public can request access to environmental information from public authorities.

How to request environmental information

Requests for environmental information should be made through the Freedom of Information Unit by email to foi@gasnetworks.ie or via post at: Gas Networks Ireland, Networks Services Centre, St. Margaret’s Road, Finglas, Dublin 11. You do not need to specify the reason for your request, but all requests should:

- Be made in writing or electronic form
- State that the request is made under the AIE Regulations
- State your name, address and any other relevant contact details
- State, in terms that are as specific as possible, the environmental information that you require
- If you require access to the environmental information in a particular form or manner, specify the form or manner of access desired.
- If possible include a contact telephone number (to allow us to contact you to clarify your request, if necessary).

2021

Access to Information on the environment requests made to Gas Networks Ireland	1
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Environment

Enhancing biodiversity

GRI 103

We have embraced our important role in promoting biodiversity awareness, not only amongst our colleagues but also in the communities where we work.

Biodiversity in Ireland ranges from the tiny organisms that improve our soils and pollinate our crops, to larger animals and plants that control our pests, provide carbon sinks and flood protection. All provide valuable ecosystem services and are an essential component of sustainability and are under threat from the impact of human activities.

With a significant national underground infrastructure network, plus over 200 above ground installations (AGIs) and office locations, we recognise our role and responsibility to respond and act to protect and restore Ireland's biodiversity. We also recognise the potential to create a network of

pollinator friendly habitats across the country and to share our knowledge with other businesses.

Our 'Seeds for Nature' Pledge, signed in 2019, includes a number of important commitments; to manage all of our infrastructure, asset base and office locations (on the island of Ireland and in Scotland) to support, scale up and fast-track the implementation of the National Biodiversity Action Plan.

We are a business partner of the All Ireland Pollinator Plan and the global Business for Nature Call to Action that calls for ambitious and collective action on nature.

In early 2021 we developed a Biodiversity Initiative as a key part of our Sustainability Strategy. This was presented to Ervia and Gas Networks Ireland Boards and led to the development of a Biodiversity Action Plan, to define the actions we need to take to achieve our goals;

- Continue to develop and embed biodiversity measures into our business
- Support our Staff to deliver the Biodiversity Action Plan
- Continue to engage our colleagues and work with our communities on biodiversity initiatives
- Collaborate with our stakeholders for broader biodiversity success
- Honour our biodiversity pledges by implementing biodiversity best practice
- Strive to have a net positive impact on biodiversity in all our operations and infrastructure projects by 2025

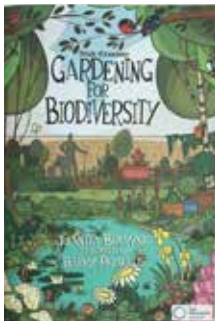
We continued our work as a member of the Irish Business and Biodiversity Platform which also aims to increase

Meadow at Gas Works Road Offices



Biodiversity is a key part of our Sustainability Strategy. We have developed a Gas Networks Ireland Biodiversity Action Plan, which outlines actions to be taken by the business to help achieve its Biodiversity Commitments

Biodiversity Pilot Site in Cork



biodiversity knowledge and awareness among staff and stakeholders. We hosted 2 very successful biodiversity webinars with staff and children and the public. We continued our anchor sponsorship of a Biodiversity Booklet for Gardeners “Gardening for Biodiversity” which was made available via a national newspaper as part of National Biodiversity week.

We are assisting Dublin City Council (DCC) with a PhD research project that is investigating the biodiversity potential of different management regimes on green roofs

In order to measure the company’s performance in achieving biodiversity best practice at our sites, we also developed a science-based biodiversity measurement method that evaluates and scores their habitats and biodiversity potential. This method provides valuable information to help us benchmark and grow our biodiversity asset base in 2022 and beyond.

Evaluating a Biodiversity score

We are applying a science-based method for natural capital accounting to record current biodiversity levels at our sites as well as the potential for biodiversity net gain that can be added to each site. We can then measure changes in biodiversity (loss or gain) and strive to increase the whole value of these assets in a meaningful way.

Biodiversity Evaluation		Interpreting scores
Red	0-1	The site is of very low biodiversity value providing little benefit to wildlife. Major improvements are needed.
Amber	1-2	The site is of low biodiversity value. Multiple improvements could be made. Further management measures are needed.
Yellow	2-3	The site is of some biodiversity value but still has room for improvement.
Blue	3-4.3	The biodiversity value of this site is high and is an important refuge for wildlife. Continue to implement current management strategies to ensure biodiversity is protected from decline. However, there is still some room for further improvements.
Green	4.3-5	This site can be considered of excellent biodiversity value. Ensure current management strategies are upheld to avoid any further decline.

GRI 304-3

We have a duty to protect habitats and species, not just those in designated areas, but in the course of our day-to-day operations, we have a robust management process to enforce this as part of our Environmental Management System.

Managing work that has the potential to impact on biodiversity is a key aspect of our approach to environmental management. Our bespoke Envirokit, GIS and EnviroPlan environmental

Environment



planning and design toolkits assist our designers and planners in applying a standardised approach to Environmental Management including Biodiversity Management. Our construction and operations activities are screened at the early planning stage to determine whether a Natura Impact and /or Environmental Impact Assessment are required. Biodiversity impacts are considered where existing assets or new assets are planned within proximity to special areas of conservation and designated sites, as set out by national, regional or EU legislation.

EnviroOps, our in-house environmental guidance document was developed to assist our operations personnel in applying best practice while working for the organisation.

In 2021 we developed Landscaping for Biodiversity Guidelines to help support our staff and contractors with regards to management and maintenance of our sites. The Sustainability Team has also produced a new Tree Felling and /or Hedge Cutting Permit for the business, to further protect biodiversity and wildlife on our sites while allowing for essential activities. The new permit provides guidance to our operational teams when they encounter scenarios where tree or hedge cutting is required and applies the biodiversity mitigation hierarchy approach which promotes a 'No Net Loss' of biodiversity and preferably, a 'Net Gain'.

In 2021 we commenced an ambitious biodiversity project at one of our assets in north county Dublin. A landscape design plan was developed for Gas Networks Ireland's lands adjoining a new transmission installation, with biodiversity as its primary objective. The scheme will enhance existing habitats and environs and include native meadows, wildlife ponds and native woodland on 3.8 Ha. pending a forestry licence to plant the woodland which is at 'applied' status.

In 2022 we are implementing our Biodiversity Action Plan further with specific targets and measurements to be achieved by the organisation,

incorporating guidance for changing the way we design, build and operate our sites and assets including environmental criteria for assessing work by our contractors and increasing the delivery of biodiversity enhancements at our sites. Owing to the changes that this plan represents to business as usual, stakeholder training and engagement is critical and is a key focus this year.

The Laois Barn Owl Project and Don Conroy

Gas Networks Ireland teamed up with artist, activist and TV legend Don Conroy for a special free 'Draw with Don' online event in March 2021 to celebrate the launch of its partnership with the Laois Barn Owl Project.

To help broaden awareness of Barn Owls, increase their conservation and grow their population locally, Gas Networks Ireland funded 20 outdoor Barn Owl nesting boxes made from a material intended to last for 20 years in an outdoor environment.

Don spent many years merging his love of drawing and wildlife to highlight the importance of barn owl conservation and shared his passion with event attendees which included a drawing competition with a prize of an original creation by Don himself.



Managing for biodiversity



Number of above ground installations
200 approximately

Number of offices with biodiversity opportunities
3 in ROI



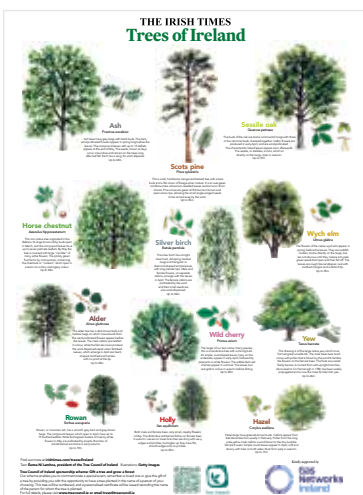
Number of compressor stations
2 in Scotland

Km of pipeline
14,664

Landscaping for Biodiversity Guidelines

Natural Capital Accounting

Hedge and Tree-cutting Permit



Water reduction and management

While water use is not a material issue for us as we are not a significant user of water, we do monitor and track usage. We have substantially reduced our water usage since 2013, as a result of improved performance and upgrading of offices.

With supplies of gas from the Corrib field in decline and an increased reliance on our interconnector pipelines and compressor stations in Scotland, our water consumption increased from 2018 to 2019, a decrease was realised in 2020 and 2021 due to reduced office occupancy during COVID-19.

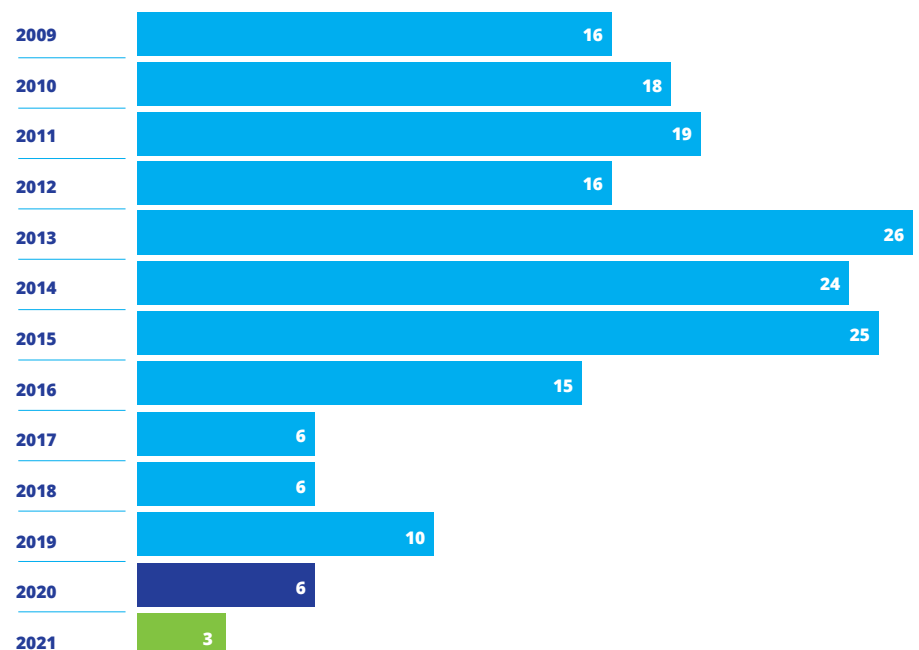
We monitor and report water consumption based on utility meters and reconcile this, where possible, with sub metering data. We report water consumption by supply and treatment of both volume and carbon equivalent

using Department of Environment, Food and Rural Affairs (DEFRA) conversion factors. From 2021 on, we will utilise internally sourced emission factors for both supply and treatment of water. We do not consume water from areas of water stress.

In 2021 we used 8,538,000 litres of water. Our water consumption fell to 3 TCO₂e in 2021 due to COVID-19 with most of our staff working from home.

Our annual water consumption in TCO₂e is shown below:

Annual water consumption in TCO₂e



Environment

Waste reduction and waste management

GRI 306-2

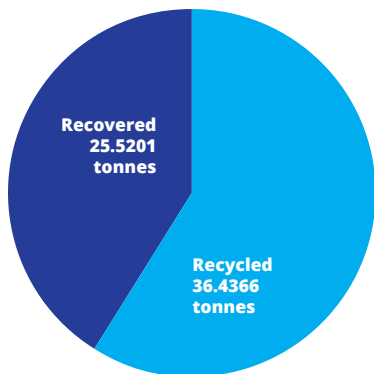
We are committed to reducing our waste to landfill and the company’s medium term target is to send zero waste to landfill by 2025. Monthly key performance indicators are recorded and reported. All our waste suppliers are audited to assess operational best practice and to ensure adherence to Gas Networks Ireland’s standards. Our two main contractors who carry out work on our behalf also report monthly on their waste KPIs and are also striving to meet Gas Networks Ireland’s target of zero waste to landfill by 2025.

In 2021 the overall figure for recycling and recovery in our offices was 100%.

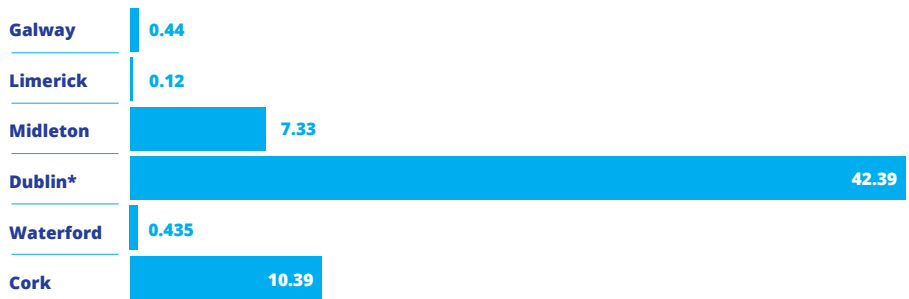
Our main office waste includes recycled paper, mixed packaging, compost, cardboard, glass, wood, metal, waste electrical goods, printer cartridges and plastic. We have management systems in place to dispose of hazardous and biological waste. Our waste data, including recycling rates, are calculated from waste collection documentation provided by our waste collection service provider.

Of the 61.1 Tonnes of waste produced in 2021, all of this waste was recycled or recovered. Our total carbon footprint associated with waste is 0.98 TCO₂e in 2021, down 34% from 2020 and 65% from 2019. Reductions in waste are related to COVID 19 restrictions on office and canteen usage.

Recycled waste vs recovered waste



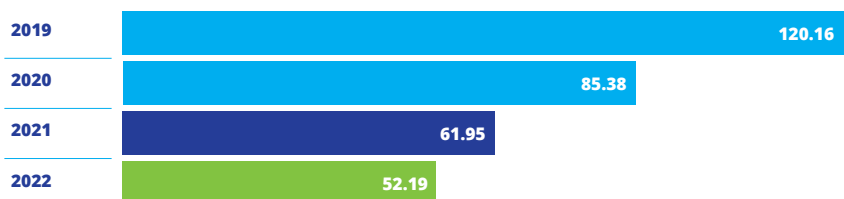
Office waste by location 2021 (Tonnes)



* NSC, Dunmoy House and Citywest

We monitor and report on waste from both our office locations and our site waste from operations which take place across the entire gas network in Ireland. We have six office locations, Headquarters in Cork, Network Services Centre (NSC) in Dublin and smaller regional offices in Waterford, Limerick, Galway and Midleton.

Annual waste disposal (Tonnes)



Energy management

We are certified to the Energy Management System (EMS) ISO50001:2015.

Public Sector Monitoring and Reporting Targets (PSMR)

We are an active participant in the Government's Public Sector Monitoring and Reporting (PSMR) initiative. The scope of the PMSR applies to our office and fleet energy. While the PMSR aimed to achieve a 33% energy saving within the public sector by 2020, we have exceeded this ambition with 54% energy savings across our offices and fleet. Our energy savings are realised by metering and energy efficiency drives across all office locations, along with the replacement of inefficient lighting and heating solutions along with choosing greener options for our fleet. We have commenced the upgrade of our headquarters in Gasworks Road in Cork to further improve our energy efficiency of the building.

The 2021 Climate Action Plan set out 2030 targets for the Public Sector to reduce CO₂ equivalent emissions from the sector by 30% and improve energy efficiency by 50%. SEAI is working with stakeholders to fully define the targets and is consulting with public bodies to define the methodology that will be used to track progress towards the targets. We will endeavour to fully comply with these targets once they are published.

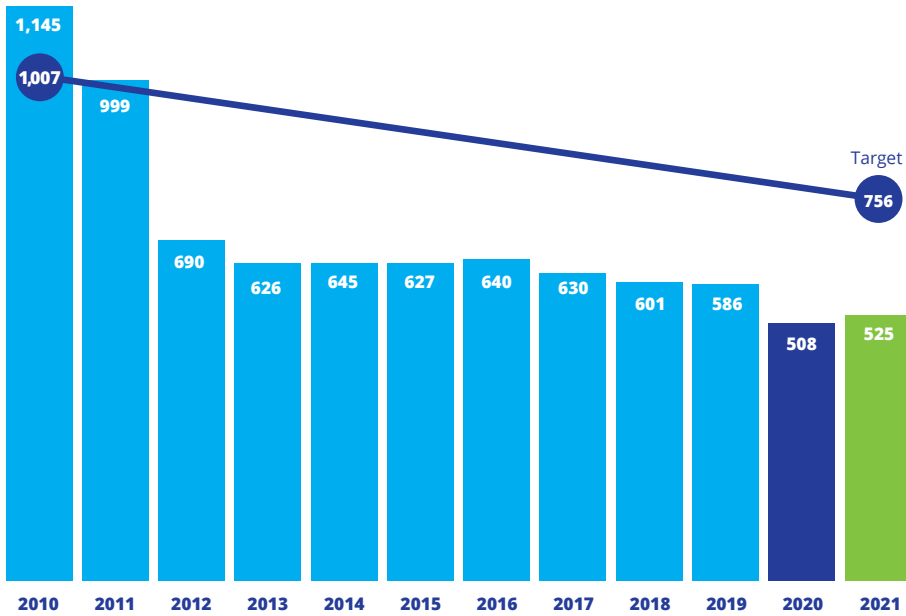
Our fleet and office energy performance are tracked by Energy Performance Indicator's (EnPI's). These EnPI's are intensity metrics and reported to the Sustainable Energy Authority of Ireland (SEAI). Our target EnPI for 2021 was 755 kWh/m², our actual 2021 EnPI was 525 kWh/m². This is up from 508 kWh/m² in 2020, and down on 587 kWh/m² in 2019.

Year	Actual	Target
2006	1128.021	1098.73
2007	1156.085	1075.844
2008	1012.085	1052.946
2009	938.765	1030.06
2010	1145.571	1007.173
2011	999.205	984.276
2012	690.13	961.389
2013	625.935	938.503
2014	645.511	915.605
2015	627.066	892.718
2016	640.992	869.832
2017	630.943	846.934
2018	601.241	824.048
2019	586.13	801.161
2020	508.341	778.264
2021	524.956	755.377

We have consistently exceeded fleet and office energy performance year on year which is highlighted above. Our annual saving from projects implemented and planned (as reported on SEAI Public Sector Monitoring and Reporting System) up to 2021 was 567,702 kWh.

Environment

Fleet and office energy performance kWh



Like many other businesses in 2021, our office buildings operated at reduced capacity, with limited staff onsite. Energy consumption was still required to maintain essential services and fleet usage remained stable in 2021.

We have replaced our older vehicle fleet with new, more efficient vehicles and managed this fleet more efficiently through enhanced inspection

procedures and programmes to increase employee awareness of fuel consumption. We consumed over 185,000kWh of renewable fuel to feed our fleets primary energy requirement in 2021.

Our Network Services Centre in Finglas, Dublin was the first office in Ireland to be awarded the coveted 'Excellent' rating under BREEAM assessment procedures.

BREEAM is the world's leading design and assessment method for sustainable buildings. We are currently upgrading our headquarters in Cork and sustainability considerations (energy efficiency and resource management) are central to the upgraded design.

Smarter travel

Gas Networks Ireland have a number of initiatives including a car-sharing facility, the establishment of Bicycle User Groups (BUGs), carrying out events promoting sustainable travel and providing free bike services to staff.

We promote and support change in travel which results in many benefits and positive impacts for our colleagues, our business and for our environment. We encourage staff to use public transport where feasible over taking their vehicle and in 2019, we introduced an "agile working" policy, encouraging staff to work from home or from one of our nationwide office locations. In 2020, we also carried out a survey to determine the average commuting distance to work by employees and CO₂ savings that could potentially be made if we continued to encourage working from home post COVID-19.

Due to COVID-19, most staff worked from home during 2021. We have now reviewed our "agile working" policy and have migrated towards a "hybrid working" policy. We also provide and promote the use of video conferencing. This allows employees to benefit from flexible work locations and hours, exceeding current government guidelines.

For a number of years, we have successfully operated several CNG (Compressed Natural Gas) vehicles as part of our fleet. In 2019 two large CNG powered Iveco Daily vans were purchased for use in Cork and Dublin. The fleet team have purchased



We are committed to circular economy principles, by enhancing procurement processes we are driving better sustainability practices throughout the entire supply chain.

additional vehicles, and we are progressively growing our CNG fleet. In 2021, we consumed 27,045 kWh of CNG.

Sustainable procurement

We procure significant volumes of services and materials to support the maintenance and delivery of the gas transportation network. We are committed to circular economy principles, by enhancing procurement processes we are driving better sustainability practices throughout the entire supply chain.

Use of "green" suppliers or materials

We ensure environmental and sustainability requirements are embedded in the procurement processes right through to delivery stage of the contract. For example, since 2011, our main/larger contractors are required to provide us with monthly reports on their sustainability performance against a range of sustainability KPIs which included, waste management, carbon management and energy use.

Our main third party contracts have been designed to deliver sustainability and environmental best practice throughout the project lifecycle. Where contractors outperform set KPIs, the financial terms of the contract contain provisions to allow for additional performance awards to be made. Similarly, KPI underperformance can result in the imposition of financial performance adjustments. As part of the tendering process in 2020/2021 when procuring our two new main contractors, we ensured our enhanced Sustainability Strategy objectives were key to the tender and contract requirements. In addition to waste data management, energy and carbon performance KPIs we have now also included new more challenging requirements around Waste reduction target's, Biodiversity Enhancement Planning, Green

Sustainable Procurement Planning, Community Programmes, Carbon Emissions Management as part of our new contracts.

Our supply chain team are working to deliver a sustainable procurement strategy. The team developed a sustainability procurement policy which will be finalised in 2022. As part of the development of the policy, the supply chain team conducted a benchmarking exercise to compare our procedures against other best in class energy companies alongside conducting a sustainable procurement survey with our main suppliers. Our objective is to be recognised as a leader in the sustainable procurement arena.

In early 2021, our sustainability team presented our sustainability strategy to the Office of Public Procurement.

Environment

GHG emissions management

Our Energy Management System (EMS) supports us to meet energy efficiency and Green House Gas (GHG) emission reduction targets.

GHG emissions

Sustainability and decarbonisation principles are at the core of our business and strategic decisions.

We established our carbon footprint in 2019, aligned with global best practice. We selected 2010 as our baseline carbon year, a time before Corrib gas field commenced supplies of natural gas to Ireland. We utilised verified emission equivalency conversion factors from SEAI where possible, DEFRA and empirical data from staff activities such as commuting.

In 2021 our GHG inventory was independently verified according to the ISO 14064-3:2019 Specifications with Guidance for the Validation and Verification of Greenhouse Gas Statements.

Low carbon pledge

We are committed to embedding sustainability and decarbonisation principles into the core of our business decisions and strategy.

In 2018 we signed up to the Low Carbon Pledge, a Business in the Community Ireland (BITCI) initiative for Irish businesses to invest time and resources into creating a more sustainable operation, by being more energy efficient and reducing carbon usage.

To help ensure consistency and comparability of efforts across various companies the internationally recognised Greenhouse Gas Protocol Corporate Standard is used as the underlying framework for the Low Carbon Pledge. Signatory companies commit to the following:

- Record all Scope 1 and Scope 2 Carbon Emissions
- Reduce the amount of Scope 1 and Scope 2 Carbon Emissions Intensity
- Report (1) Individually through an Annual Report or Website or other publicly available equivalent source and (2) Collectively through an Annual BITCI Low Carbon Report
- Review year-on-year Scope 1 and Scope 2 Carbon Emissions with the aim of showing continuous improvement
- A reduction of 50% in Carbon Emissions intensity by 2030

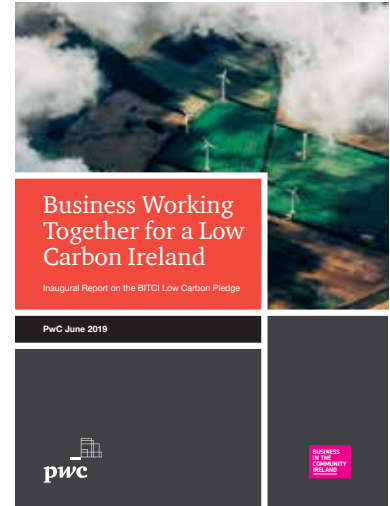
While the pledge focuses on Scope 1 and Scope 2 emissions sources, we are actively focusing on emissions sources beyond this. We have implemented a travel policy aimed at reducing the carbon footprint associated with employee work-related travel, we are also working with our suppliers to implement carbon reduction initiatives.

Increasing the ambition of the Low Carbon Pledge and setting Science Based Targets

Business in The Community Ireland (BITCI) has furthered the ambition of the Low Carbon Pledge by supporting signatory companies to progress towards setting Science-Based Targets (SBT) by 2024, (i.e. what science says is necessary to limit global warming to 1.5°C).

Our COO, Denis O'Sullivan, is co-chair of the low carbon working group and in 2021 committed to developing Science Based Targets.

The Science Based Targets Initiative (SBTI) are currently developing an SBT methodology for the oil and gas sector with a plan to publish the methodology in 2023.



Carbon disclosure via CDP

In 2020, we disclosed our carbon emissions and equivalents through the Carbon Disclosure Platform (CDP) for the first time. CDP's annual disclosure and scoring process is respected as the world's leading framework of corporate environmental transparency, ranking companies on a scale of A to D-, based on their comprehensiveness of disclosure, level of transparency, awareness and management of both environmental risks and opportunities, their demonstration of best practices, and their setting of ambitious and meaningful targets.

Improving on its inaugural CDP rating of a 'B-' in 2020, we scored a 'B' in 2021 which demonstrates that we are taking co-ordinated action against climate change. We were also awarded a CDP Supplier Engagement Rating (SER) for the first time in 2021 and achieved an A- rating which we are particularly proud of. The SER is a letter grade that indicates how effectively companies are engaging their suppliers on climate change.

Methane emissions performance

We also recognise that methane emissions have an increased negative impact on climate change than carbon dioxide. We have established a Methane Emissions Work Group to further align our quantification methodologies and identify methane emission reduction opportunities across the business.

We have developed a methane emissions management plan. This was presented this to the Gas Networks Ireland Board in December 2021. We include methane emissions as part of the Scope 1 GHG emissions reporting.

We are committed to accurately calculating our methane emissions from our network, and we are an active member of MARCOGAZ, the technical association of the European natural gas industry which has 25 members in 20 different countries across Europe. MARCOGAZ is a supporting organisation to the Methane Guiding Principles along with Gas Infrastructure Europe (GIE).

Fugitive emissions result from unintentional emissions of natural gas from equipment or components such as pipelines, regulators, valves, flanges, connectors, etc. on the gas transportation network. These can be the most difficult to quantify and so are estimated in line with industry developed methodologies. We utilise the "MARCOGAZ model" which allows for quantification of emissions from each source, and then aggregates same.

Our GHG inventory was independently verified according to ISO 14064-3:2019 Specifications in 2021 with Guidance for the Validation and Verification of Greenhouse Gas Statements. Conversion factors for carbon equivalents used are from verified sources.

GRI 305-1,2,3

GHG emissions performance

Absolute GHG emissions reduction since 2010
-13.89%

Emissions intensity reduction since 2010
-7.89%

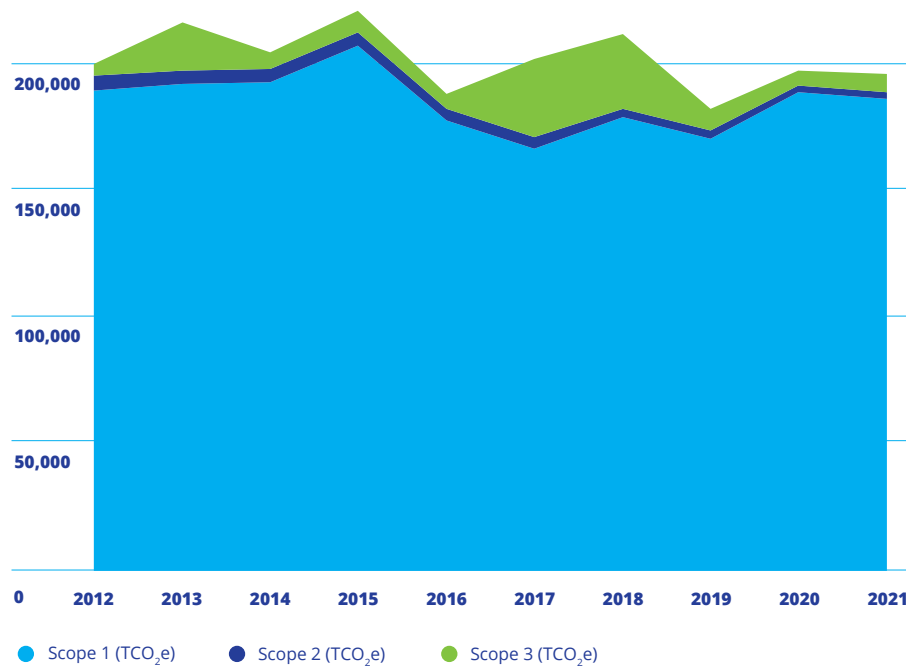
* NOTE: We have increased the range of variables which have been included as Scope 3 emissions in 2021.

We have established a Climate Action Working Group to help achieve our carbon reduction ambitions. The Working Group is currently assessing several carbon reduction initiatives to help drive the company's decarbonisation efforts. Each business unit has contributed to the identification of initiatives. All are currently being assessed based on the potential achievable emissions reduction and the associated mitigation/abatement cost.

Environment

GRI 305-1,2,3

GHG emissions



Year	Scope 1 (TCO ₂ e)	Scope 2 (TCO ₂ e)	Scope 3 (TCO ₂ e)	Total (TCO ₂ e)
2010	215,603	5,370	6,460	227,433
2011	201,553	5,415	7,823	214,791
2012	189,467	5,493	4,802	199,763
2013	191,973	5,340	18,762	216,075
2014	192,109	5,416	6,358	203,883
2015	206,696	5,319	8,839	220,854
2016	177,182	4,922	5,839	187,943
2017	166,171	4,438	31,293	201,902
2018	178,608	3,515	29,446	211,568
2019	170,215	3,184	8,329	181,728
2020	188,440	2,914	5,676	197,029
2021	186,156	2,573	7,103	195,832

* we have increased the range of variables included in Scope 3 emissions category in 2021.

Gases included are CO₂, CH₄ and NO₂. Final figures are reported in tonnes of CO₂ equivalent (tCO₂e) utilising SEAI or DEFRA conversion factors where available or applicable.

The following sections provide more detail of the Scope 1,2 and 3 trends since 2010.

Breakdown of emission sources by activity

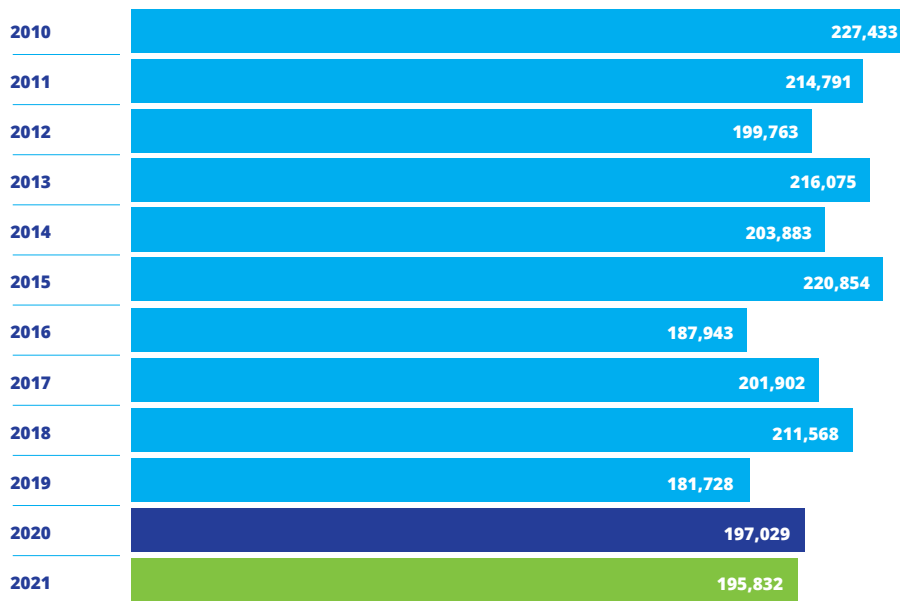
	Activity	Emissions Source
Scope 1	Unintentional Emissions of Natural Gas from Equipment	Leakages of natural gas from equipment/infrastructure on gas transportation network
	Metered Process Gas	Stationary combustion of natural gas to run turbine at compressor stations and to preheat gas at above ground installations prior to pressure reduction
	Compressor Vented Fuel Gas	Natural gas vented between cycles at compressor stations
	Offices - Gas	Stationary combustion of natural gas in offices for heating
	Gas Networks Ireland fleet	Mobile combustion of petrol and diesel in our fleet
	Refrigerant F-gas top ups	Top ups of systems with refrigerant F-gases.
Scope 2	Offices – Electricity	Indirect emissions from purchased electricity used for offices
	Process Sites Electricity Use	Indirect emissions from purchased electricity used for above ground installations and compressor stations
Scope 3	Main Period Contractor	Indirect emissions from main contractors (contractor scope 1 and 2 emissions; gas, electricity, diesel, petrol)
	Grey Fleet	Indirect emissions from mobile combustion of private car use fuel for employee business travel
	Helicopter	Indirect emissions from mobile combustion of fuel for 3rd party helicopter used for pipeline surveillance
	Water	Consumption and treatment of process and office water.
	Waste	Recycling and recovery of Gas Networks Ireland's waste streams.
	Suppliers	Emissions from suppliers conducting business for Gas Networks Ireland.
	Staff Commuting	Gas Networks Ireland staff commuting to and from work.
	Remote Working	Electricity and heating energy consumption of Gas Networks Ireland staff while remote working.
	Taxis	Emissions from Taxis taken for Gas Networks Ireland business.
	Distribution Pipeline Construction	Embodied carbon of pipeline materials.
	Transmission Pipeline Construction	Embodied carbon of pipeline materials.
	Airline Travel including RF forces	Emissions from aircraft taken for Gas Networks Ireland business.
	Rail Travel	Emissions from trains taken for Gas Networks Ireland business.
	Printed Paper	Use of printed paper in Gas Networks Ireland office locations.
	Transmission and Distribution electricity losses	Emissions associated with electricity grid losses.

Environment

GRI 305-4

Our carbon intensity (TCO₂/GWh) is based on the volume of natural gas transported through the gas network annually.

Gas Networks Ireland emissions (TCO₂e)



Scope 1 intensity (TCO₂e/GWh)



Most of our carbon footprint is under the financial and operational control of the business. Our compressor stations in Scotland are owned by the business and operated by a contracting partner, but under our financial control. The elements of our scope 1 emissions under financial control are compressor vented fuel gas a portion of metered process gas.

Our 2021 scope 1 emission footprint has reduced by 13.66% from our 2010 baseline. The location base for our scope 1 emissions is nationally in Ireland and in the South West of Scotland. Our Scope 1 emissions are primarily accounted for by fuel gas consumed by compressor stations and heating of gas at our Above Ground Installation's (AGI's) along with fugitive emissions. Fugitive emissions are typically gas vented for safety purposes during essential maintenance, but also accounts for seepage from assets in the field.

Scope 1

Our scope 1 emissions have trended down from the baseline year of 2010 to 2019, in part, due to Corrib gas field becoming an indigenous supply point of natural gas. This reduced the volume of natural gas required through the compressor stations in Scotland, resulting in lower fuel gas required to compress natural gas before it reaches our pipeline in Ireland. As production of gas at the Corrib gas field is now declining, we are increasingly reliant on our compressor stations in Scotland, which impacts our scope 1 emissions.

GRI 305-4

Biogenic carbon

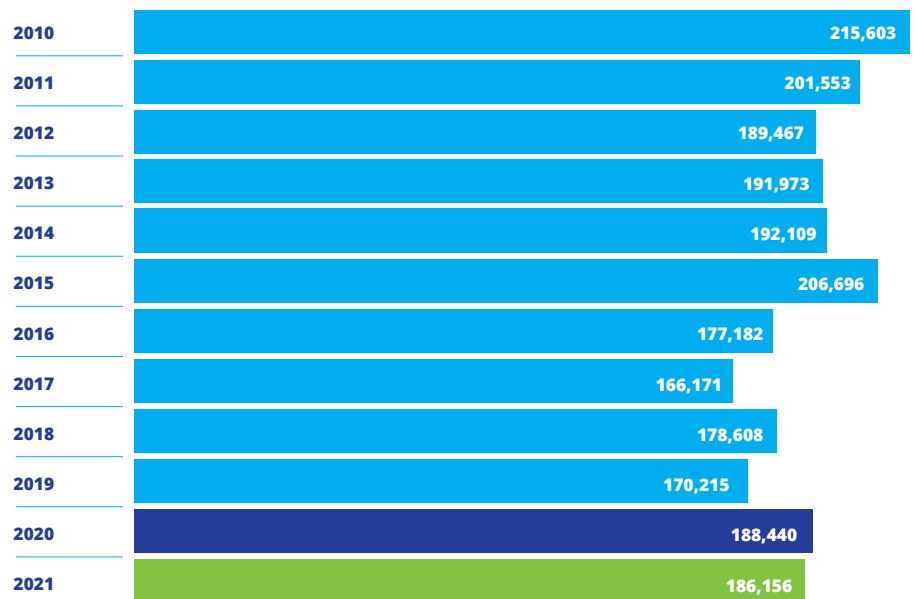
We have five dedicated Compressed Natural Gas (CNG) vans in our fleet, emitting 0.215TCO₂e in 2021.

Our traditional fleet is made up of both diesel and petrol vehicles. The carbon emissions for these vehicles has been included in our scope 1 emissions. The biogenic carbon* associated with fuel consumed in each fuel type is outlined below:

Fuel	Associated biogenic carbon (TCO ₂ e)
Diesel	29.562
Petrol	0.001

* While biogenic carbon is outlined above, we have accounted for the full carbon equivalent of the consumed fuels in scope 1. Biogenic carbon is calculated using the latest DEFRA emission factors.

Scope 1 (TCO₂e)



Greenhouse gas emissions performance at Gas Networks Ireland's compressor stations

Natural gas in Ireland is supplied by a combination of domestic production and imports via pipeline from Scotland. Currently, approximately 70% of Ireland's natural gas is supplied from Scotland and the remaining 30% comes from Ireland's indigenous source at Corrib, Co. Mayo. Vermilion Energy manage and produce the natural gas from the Corrib gas fields and Gas Networks Ireland facilitate the transportation of this gas but are not responsible for production of the gas.

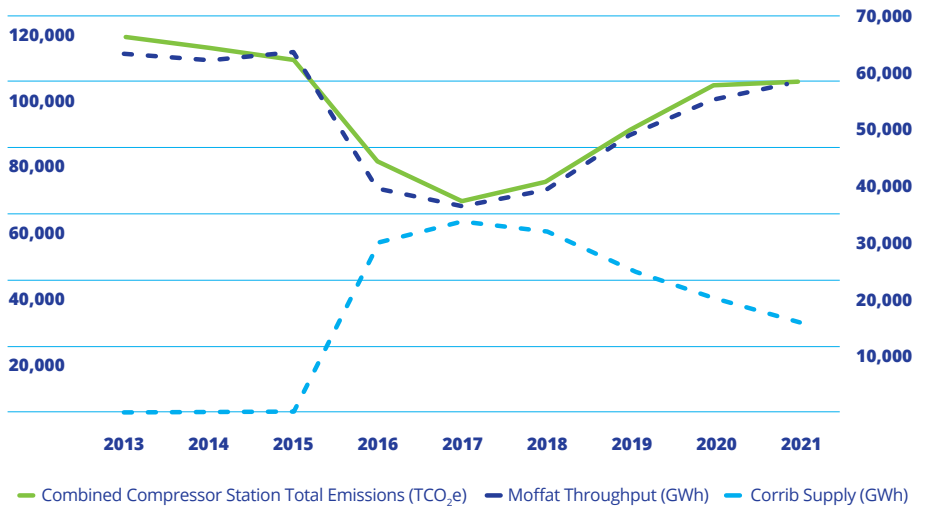
Environment

Supplies coming in from the Moffat Entry Point in Scotland, require the use of compression facilities at Beattock and Brighthouse Bay Compressor Stations in order to raise the pressure of the gas supplied from Moffat for onward transportation to Northern Ireland, Isle of Man and Republic Of Ireland and to maintain pressures throughout the system. Gas is transported via the two subsea interconnectors, into the Gas Networks Ireland onshore ROI network at Loughshinny (IC1) and Gormanston (IC2). The pressure on the interconnectors is approx. 110 bar, with pressure reduction prior to entry into the 65barg onshore network.

One of the main contributors to Gas Networks Ireland’s Scope 1 emissions is the operation of our two gas compressor stations in Scotland. Gas is combusted at our compressor station turbines to transport the gas at required pressures. Compressor Stations also require an amount of gas to be vented in order to operate safely at times, such as starting and stopping of compressor units. The fuel gas combusted, and vented emissions are the main contributors to our carbon footprint for our compressors.

The fuel gas consumption, and therefore Scope 1 emissions (TCO₂e) at our compressor stations for combustion and venting purposes is related to the Moffat throughput (which in turn is directly related to the increase / decrease of Corrib supply) as is evident in the chart nearby.

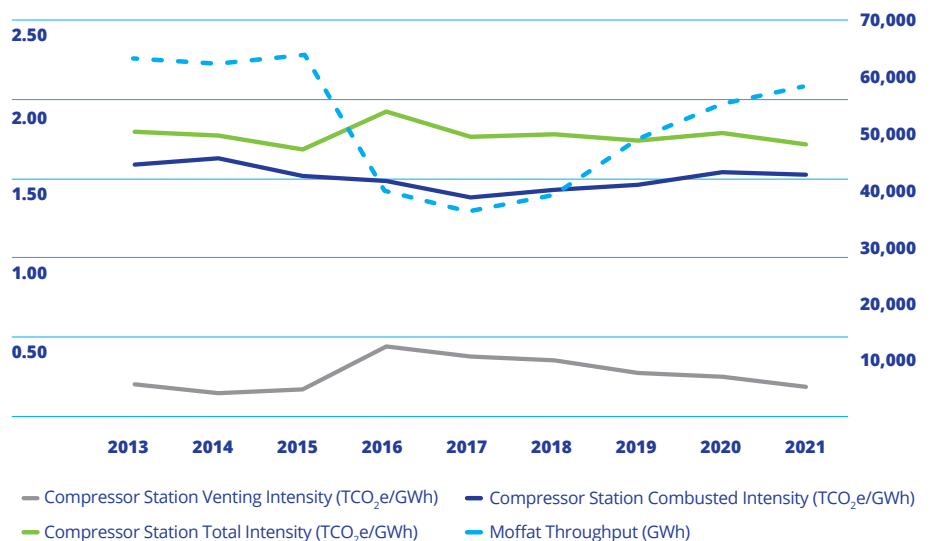
Gas Network Ireland compressor station combusted and vented gas emissions (TCO₂e)



As Corrib declines and more gas is required to flow through Moffat, it is anticipated that the Onshore Scotland Compressor Station own use gas requirement (and Total Emissions TCO₂e) will continue to increase.

Gas Networks Ireland have committed to reducing their carbon emissions intensity by 50% by 2030. Emissions Intensity (TCO₂e/GWh) is a measurement of the tonnes of carbon equivalent emissions produced per GWh of gas transported. The chart below details the emissions intensity (TCO₂e/GWh) for Brighthouse Bay and Beattock combined in relation to the throughput at the station (Throughput is shown as a dotted line).

Emissions intensity (TCO₂e/GWh) for Brighthouse Bay and Beattock combined



Compressor station combustion intensity depends on operating the compressors within their most efficient range. Variation occurs where compressors are forced to operate outside of this range (e.g. intra-day throughput peaks).

As is evident from the graph “Emissions intensity (TCO₂e/GWh) for Brighthouse Bay and Beattock combined”, a significant improvement in venting has occurred in recent years, due in part to the Corrib decline and in part due to improved operation of the network.

Gas Networks Ireland has been working in conjunction with Premier Transmission Limited (PTL) and National Grid (NG) to minimise the within day flow volatility as a result of the timings of nominations received for the Moffat Interconnection Point. Late in the gas day nominations make it increasingly difficult for the Transporter to flow efficiently at its Scottish compressor Stations. The Commission for Regulation of Utilities (CRU), Office of Gas and Electricity Markets in the UK (Ofgem) and the Utility Regulator (UR) Northern Ireland have all granted approval to an amendment to agreements, which will allow the Transporter to utilise exit information to create a more accurate estimation of the end of day quantity, earlier in the gas day. This in turn, will allow for a more efficient hourly flow profile at the Scottish Compressor Stations throughout the gas day.

Gas Networks Ireland is also taking steps to address the volatility of the pressures received from National Grid, by installing control valves at Beattock Compressor Station, which will reduce suction pressures at Beattock to a level that will enable optimal turbo-compressor operation (i.e. the turbines will operate in Dry Low Emissions mode). This project is currently underway. It should be noted that this upgrade will stabilise

higher pressures, only; it will not address lower pressure range (i.e. less than 60 barg) volatility.

Several options are being appraised, for decarbonisation across our operations (including compressor stations) and were submitted for price control consideration to our regulator in 2021.

Scope 2

Our scope 2 emissions have seen continued and sustained reduction in carbon emissions, from our 2010 baseline we have reduced our scope 2 emissions by 52.09%. Electricity used in our pressure reduction and compressor stations and electricity used in our offices is also included.

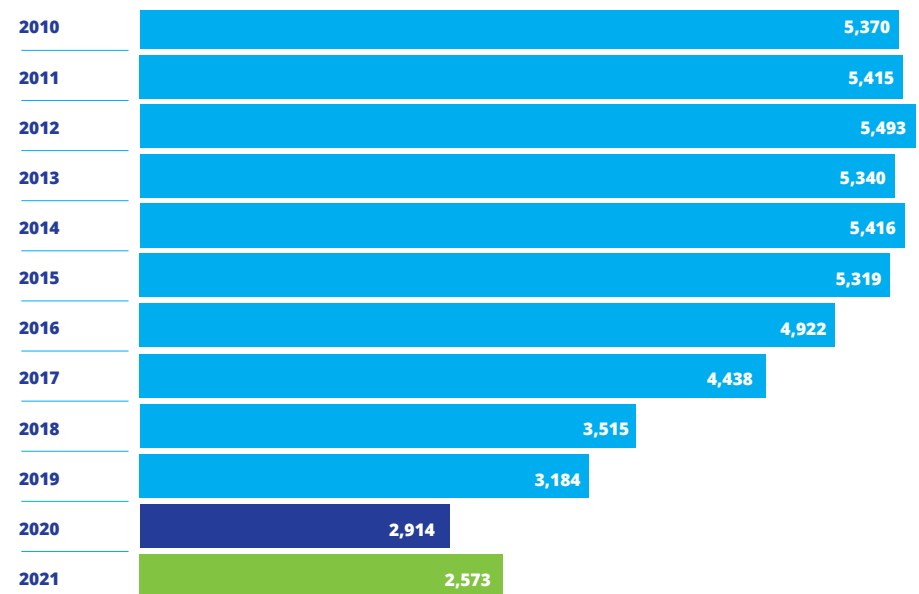
Electricity purchased to facilitate the operational requirements of Scope 2 are under our financial and operational control.

The reduction in electricity use in our office buildings is partly due to the relocation of our Dublin staff to Ireland’s first BREEAM rated building incorporating significant electrical upgrades, and to equipment and control capabilities in our headquarters.

We use UK electricity emission factors to assess the carbon emission totals for our compressor stations in Scotland and SEAI factors for Irish based assets.

Our scope 2 emission profile can be seen in the figure below.

Scope 2 (TCO₂e)



Environment

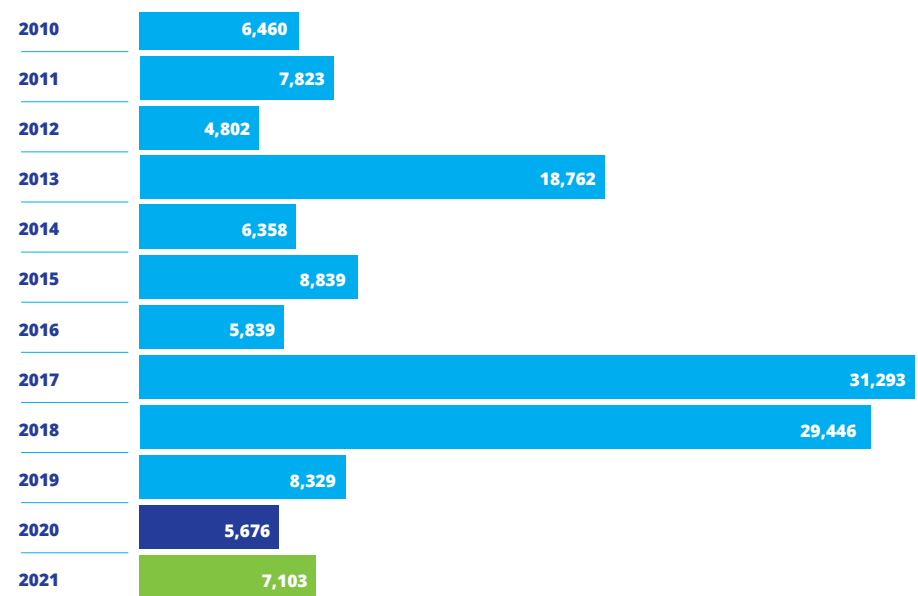
Scope 3

We are committed to consistently increasing the scope of our carbon emissions reporting. Our scope 3 emissions have increased from our baseline year of 2010 due to increased scope and accuracy of GHG reporting by our main contractor. We are working to further improve supplier engagement and include scope 3 carbon emission reduction targets in supplier contracts where possible.

The location base for our scope 3 emissions is nationally in Ireland due to our contractor operating in all regions of Ireland on the national gas infrastructure. Our contractor's main hub is in Dublin with satellite sites around the country. Our staff "grey fleet" also travels nationwide to provide day to day support for our team. We use helicopter services to perform aerial surveillance of our pipelines to help ensure that no construction work is commencing near our network.

A new 50km gas pipeline between Cluden and Brighthouse Bay in Scotland was completed in December 2018. This accounts for the significant Scope 3 emissions in 2017 and 2018. Our scope 3 emissions have increased slightly from 2020 to 2021 due to increased scope and accuracy of GHG reporting by suppliers and increased traveling by staff following COVID restrictions in 2020.

Scope 3 (TCO₂e)



All elements of Scope 3 are under the financial and operational control of our business.

Water	Consumption and treatment of process and office water
Waste	Recycling and recovery of Gas Networks Ireland's waste streams.
Suppliers	Emissions from suppliers conducting business for Gas Networks Ireland.
Staff Commuting	Gas Networks Ireland staff commuting to and from work.
Remote Working	Electricity and heating energy consumption of Gas Networks Ireland staff while remote working.
Taxis	Emissions from Taxis taken for Gas Networks Ireland business.
Distribution Pipeline Construction	Embodied carbon of pipeline materials.
Transmission Pipeline Construction	Embodied carbon of pipeline materials.
Airline Travel including RF forces	Emissions from aircraft taken for Gas Networks Ireland business.
Rail Travel	Emissions from trains taken for Gas Networks Ireland business.
Printed Paper	Use of printed paper in Gas Networks Ireland office locations.
Transmission and Distribution electricity losses	Emissions associated with electricity grid losses.



Social

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



Introduction

In 2021, we achieved recertification as one of only 46 companies in Ireland to hold the Business Working Responsibly Mark standard, in line with ISO26000, from Business in the Community Ireland (BITCI). The Mark is the only independently audited standard for Corporate Responsibility and Sustainability practices in Ireland. As holders of the Mark, we are a member of the BITCI Leaders Group on Sustainability, co-chair of the Low Carbon Economy Group. We are committed to ensuring that sustainability is at the forefront of everything we do and help Ireland to reduce its carbon emissions.

Gas Networks Ireland was announced as the winner of the Outstanding Community Support Award for exceptional customer service and support to communities at the 2021 CCA Excellence Awards. We were also nominated for a number of Chambers Ireland Sustainable Business Impact Awards in 2021 including Excellence in Community, Excellence in Volunteering, Best Charity Partnership and Excellence in Environment.



Christine Van der Kamp being presented with CCA Excellence award by Bernard Mooney on behalf of CCA Global

Christina van der Kamp, Conor Ahern, Stephen Kelly, and Maeve O'Reilly pictured in Glengarra Wood, Co. Tipperary - a key site in Leave No Trace Ireland's international "Hot Spot" programme



Social

Community

Building strong relationships in the communities where we operate is fundamental to carrying out our business effectively. This means investing in people, in their needs, in their interests and in their futures. Our social inclusion programme focuses on the core areas of education, employability and accessibility.

GRI 413-1

Local communities

For us, being responsible in the community means investing in people, in their needs, in their interests and in their futures.

Our involvement in the community varies from assisting charitable and voluntary groups to supporting a wide range of educational initiatives. Our core programmes focus on environmental awareness and three key areas of social inclusion; education, employability and accessibility. We also support a number of impactful initiatives across Ireland promoting Science Technology Engineering and Maths, literacy, employment and the development of life skills.

In 2021 we supported 31 community projects and provided over €210,000 of financial support to local communities.

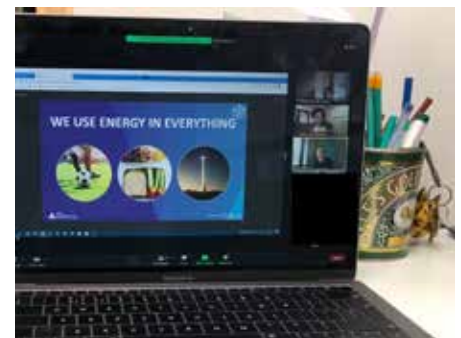
Supporting education and social inclusion during the pandemic

Throughout 2021 and the ongoing COVID-19 pandemic hit we provided much-needed assistance to vulnerable customers and communities through partnerships with DEIS (disadvantaged) schools and Age Action, Ireland's leading charity supporting older people.

- Over €20,000 raised for Age Action BIG Corporate Challenge fundraiser
- €25,000 donation to Leave No Trace
- €20,000 donation to BITC to support community programmes
- €18,750 donation to Junior Achievement Ireland ('Energize' programme promoting science education in schools)
- 4 x €12,000 donations to Cork Penny Dinners, Irish Cancer Society, Merchants Quay Homeless Service, and St Vincent de Paul
- 890 employee volunteer hours

2021 Key Performance Indicators

- € €158,778 cash donations
- € €40,160 in kind donations
- € €15,533 employee fundraising
- 🕒 52,972 social impact hours
- 🕒 890 employee volunteer hours
- 👥 1 in 6 employees volunteer on programmes



Anne Moore and Catherine Sheridan delivering the Energize programme remotely



Dr Niamh Shaw during her zero gravity flight

GRI 413-2

Operations with significant actual and potential negative impacts on local communities.

We are committed to responsible and sustainable business practices and are proud holders of the Business Working Responsibly Mark and five ISO certifications helping to ensure that the highest standards are maintained across all levels of our business. Based on the successful execution of all of these processes and ongoing monitoring of our community projects, we do not have operations with significant potential or actual negative impacts on local communities.

Community stakeholder engagement

Gas Networks Ireland understands and values the critical role stakeholders play in its 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).

The importance of holding stakeholder sessions and supporting the community in towns where the gas network is expanding is recognised. 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.

Science Week

Dr Niamh Shaw is on a mission to get to Space and it's a mission she's been on since she started dreaming big growing up in Dundalk. No stranger to our TV screens and recently voted one of Ireland's leading science communicators, Dr Shaw is passionate about igniting people's curiosities.

Gas Networks Ireland joined forces with Dr Shaw to host a free online 'My Place in Space' event to celebrate Science Week in November. Dr Shaw shared her experience of taking a zero-gravity parabolic flight, participating in a simulated mission to Mars in the Utah desert and witnessing Alexander Gerst launch into Space from Baikonur Cosmo drome in Kazakhstan.

DIY SOS

When RTÉ put out the call for support to help the Parsons family from Longwood in Co Meath, Gas Networks Ireland was one of many organisations alongside an army of local volunteers and tradespeople that stepped forward.

The Parsons are an amazing young family whose house was just not suitable for their needs. Four-year-old Josh has a developmental disorder known as Smith-Magenis Syndrome, while his eight-year-old brother Ryan lives with autism and sensory issues. Their mother, Jennifer, has to deal with her own medical issues which will cause her mobility to greatly deteriorate over the next few years. Dad, Jim, is a former military man who retired in 2021 to care for his family full-time.

As part of RTÉ's programme DIY SOS: The Big Build, presenter Baz Ashmawy and his team fully renovated the Parsons home, transforming the entire property in just nine days. Gas Networks Ireland funded a new gas boiler for efficient and reliable heating, and a beautiful new garden for the family.

Social



DIY SOS

"Thank you very much Gas Networks Ireland, you are legends, we wouldn't have been able to do it without you. You made a big difference to DIYSOS Ireland and a big difference to the Parsons family."

Presenter, Baz Ashmawy

"Supporting local communities is very important to Gas Networks Ireland. We were delighted to play a part in transforming the home, and hopefully the lives, of the Parsons family. They are an incredible family and we wish them all the very best in their 'new' home."

Gas Networks Ireland's Corporate Social Responsibility Manager, Christina van der Kamp

Outstanding Community Support - CCA Excellence Award

Gas Networks Ireland's ongoing community support throughout the pandemic and through ongoing initiatives such as DIY SOS, Age Action and Junior Achievement Ireland, was recognised in 2021 with a prestigious Gold award in Outstanding Community Support in the CCA Excellence Awards. The Outstanding Community Support Award was one of five new categories introduced to this year's online event to recognise effort and response to Covid-19.

"We are thrilled to have won... As a company, it is great to be recognised for the passion our staff have displayed throughout these challenging times. We look forward to continuing with our volunteering and donations this year and supporting communities and charities around Ireland."

"Volunteering is a key part of our social engagement. Our staff contribute to a range of causes in their communities. Many reported that staying engaged in volunteering, even online, helped them to cope with the pressures of lockdown."

Gas Networks Ireland's Corporate Social Responsibility Manager, Christina van der Kamp

Accessibility

We are committed to supporting social inclusion, valuing all individuals and recognising their diverse contributions to communities and workplaces.

Age Action

During 2021 we accelerated our partnership with Age Action by taking part in the inaugural BIG Corporate Challenge.

The Age Action BIG Corporate Challenge is a six-month Corporate Social Responsibility (CSR) programme that encourages corporate teams to promote intergenerational connection whilst raising funds and awareness to support Age Action's work. By pledging to "Be Intergenerational," participants will increase understanding across generations, which is key to transforming attitudes towards ageing and achieving a more inclusive society that values all of us as we age.

The fundraising team from across Gas Networks Ireland raised almost

€15,000 through a series of planet friendly themed fundraising events entitled 'Strong Roots, Green Shoots' winning the first year of the BIG competition. Separately our colleagues volunteered to tutor older people in the use of smartphone and video calling technology, helping them to keep in touch with their families whilst cocooning. We also donated proceeds from our customer surveys and our colleagues raised funds throughout the year.

Equality, diversity and accessibility

Promoting equality, diversity and accessibility is an important part of how we operate. Our two Access Officers work with a number of representative bodies to gain better understanding of the issues facing employees, customers

and stakeholders across a number of areas. We also supported the National Job Shadow Programme providing work placements for people with a disability.

All key Gas Networks Ireland communications are translated into the most frequently spoken languages in Ireland – English, Irish, French, Polish, Mandarin Chinese, Russian and HTML plain text. In addition, alongside standard Mystery Shopping activities to assess customer's experiences, we conduct monthly mystery shopping using an elderly person and a person with a disability to ensure that our communications are tailored specifically and understood by everyone.

We also rolled out training to our contact centre staff on Browsealoud technology, which is available on our website. They will inform customers of its availability as part of contact handling process. It provides easier access for hearing or visually impaired customers to navigate content on our website.

We continue to work with our customers and stakeholders to explore opportunities to support those with disabilities.

We continued to engage with the Customer Experience and Contact Centre Fora to gain insight on best practice and developments in the industry including groups such as CCMA Ireland, CCA Global, CXPA Ireland.

Fiona McCaffrey, Jadesola Yusuf, and Christina van der Kamp with BIG Corporate challenge trophy



Social

Accessibility Case Study

Age Action Big Corporate Challenge

The Age Action BIG Corporate Challenge is a six-month Corporate Social Responsibility (CSR) programme that encourages corporate teams to promote intergenerational connection whilst raising funds and awareness to support Age Action's work. We competed against three other national companies to raise funds, leveraging employee engagement to design fundraising ideas and activities which championed intergenerational themes.

Gas Networks Ireland has an overarching goal of environmental stewardship, including biodiversity and sustainability. For the BIG Corporate Challenge, we created a series of activities and events to weave intergenerational connection into our overarching CSR goals. The theme for our fundraising campaign was a green themed calendar of events entitled "Strong Roots, Green Shoots" and was accessible to all generations of employee's families.

Over the 6 month programme, our employees and their families took part in planet friendly fundraising our activities, which included:

- A family gardening challenge encouraging participants to grow their own vegetables and flowers, and to use recycled materials in their gardens
- Tree planting campaign which sponsored trees to be planted by school children local to our main office locations
- A companywide Carbon Footprint challenge in which teams competed to offset their carbon footprint by cleaning up local areas and reporting issues
- A series of raffles

Majella Fehily's biodiversity friendly family garden full of wildflowers



"We are proud to win the inaugural Age Action BIG Corporate Challenge. The BIG Corporate Challenge has really helped raise awareness about ageism amongst our employees and also contributed to employee engagement and furthering our community support during this especially difficult time. Congratulations to all the other companies that took part and to Age Action for coordinating such an impactful event."

Christina van der Kamp, Corporate Social Responsibility Manager

"Ervia's programme of fundraising activities not only raised the most money but also demonstrated the intergenerational solidarity needed to protect the environment for all of us as we age and future generations. Their deliberate effort to engage people of all ages in activities to protect people and planet also created opportunities for participants to raise their awareness of ageing and ageism and foster greater understanding between generations."

Paddy Connolly, Age Action CEO

Education

In 2021 we continued with our Science, Technology, Engineering and Maths (STEM) education programme, Energize, in partnership with Junior Achievement Ireland in primary schools across the country. The Energize programme was relaunched virtually last year to facilitate business volunteers to deliver the programme remotely to schools nationwide. 2021 marked the 12th year of our partnership with Junior Achievement Ireland with over 400 Gas Networks Ireland staff volunteering on Junior Achievement programmes to date, working with over 30,000 students nationwide.

We also supported other STEM initiatives including sponsoring a panel event at iWish, STEM South West exhibition, Science Week and Engineers Week with 890 volunteering hours delivered by Gas Networks Ireland employees in 2021. The Gas Networks Ireland team was featured in Business Plus magazine's Corporate Social Responsibility special which detailed the continued support for education and social inclusion throughout COVID-19.

Energize - Summary of results

3,400 students took part in programme

52% female students/ 48% male students

100 schools involved

141 business volunteers

9 Gas Networks Ireland volunteers

Students from schools in 17 different counties participated in the programme this year Carlow, Clare, Cork, Donegal, Dublin, Galway, Kerry, Kildare, Kilkenny, Louth, Limerick, Mayo, Meath, Tipperary, Waterford, Wexford and Wicklow

57 supporting organisations

Not only did the vast majority of student respondents enjoy the Energize programme there were more positive attitudinal associations with education, the world of work and science (see below).

From a knowledge gain perspective the content of Energize was readily absorbed by respondents with:

- 93% of students surveyed enjoyed participating in Energize
- Having completed Energize, 76% of student find science more interesting
- 64% of students thought differently about the world of work after participating in Energize

Carbon monoxide poster competition



Abigail Zama from 6th class in Trinity Primary School, Tuam, won CO nationwide poster competition

The Carbon Monoxide poster competition provided a welcome relief from the stresses of the pandemic and as ever schools were keen to participate.

The term winners were from Rathgar National School, Dublin 6; Scoil Aiseiri, Cork and Trinity Primary School, Tuam. Each winning submission won an iPad for their class donated by Gas Networks Ireland.

The competition was deemed by teachers to be a creative way to introduce students to the dangers of carbon monoxide poisoning while the addition of 'Scratch n Sniff' cards in each Energize kit further reinforced this important communication.

Social



Hayleigh Merlehan from 6th class in Scoil Aiseiri Chriost, Cork, Term 3 winner

Winners of the carbon monoxide poster competition

"My class thoroughly enjoyed the Energize programme. The programme was very well planned and organised by our volunteer and the JAI team. The materials were incredibly well organised and the instructions were clear and easy to follow. I have already recommended this programme to my colleagues and I will definitely be applying for the programme for my class next year. It was a fantastic experience for the kids! thought this programme was interesting, relevant and worthwhile."

Teacher, Bushy Park National School, Galway

"It was a most positive experience and one that I would definitely recommend to my colleagues. The children really enjoyed it and looked forward to the Friday sessions. Our volunteer, was fantastic. He built up a lovely rapport with the girls. He was very friendly and approachable. He explained everything very clearly and the lessons were perfectly pitched. The girls learned so much and [our volunteer] definitely awakened an interest in STEM..."

Teacher, Our Lady of Lourdes N.S., Ballinlough, Cork

Schools business partnership

We are a key business supporter of Business in the Community Ireland's (BITCI) Schools' Business Partnership Programme, an educational initiative involving Government, business and education sectors in Ireland. The aim of the initiative is to improve Ireland's student retention and engagement at post primary level in targeted DEIS (Delivering Equality in Schools) schools, improve literacy and numeracy levels in primary schools and support leadership development of teachers and principals. Through this partnership we have long term links with schools close to our main office locations in Cork and Dublin.

Paddy Scannell from 6th class in Rathgar National School Term 2 winner



iWish

iWish is an award-winning initiative to inspire, encourage and motivate secondary school female students to consider careers in Science, Technology, Engineering and Maths. iWish is a unique volunteer led coalition of local government, higher education and industry with a common goal to improve female participation in STEM through direct high impact, fun and inspirational engagement. Gas Networks Ireland and Irish Water worked together to sponsor a panel event focused on sustainability.

Fota Wildlife Park

Gas Networks Ireland joined forces with Fota Wildlife Park to host a free online 'Wild about Sustainability' event in June 2021.

The Director of Fota Wildlife Park brought attendees behind the scenes and shared what Fota is doing to support its animals and the

environment, with quizzes and family passes up for grabs. Attendees learned about the most sustainable ways to feed giraffes and how they make bison's bedding from leftover giraffe feed, how geothermal heating is used in the tropical house and why it's so important to reptiles and cold-blooded animals, even discovering how useful the animals' dung is.

Time to Read

We were pioneer funder and partner to BITCI, supporting the pilot and research for the Time to Read programme over a decade ago. Time to Read has since become a successful literacy support programme delivered throughout many communities in Ireland. The programme has four key objectives: to increase the enjoyment of reading, increase pupils' confidence, encourage self-discovery and improve comprehension. In 2021 our colleagues continued to volunteer their time to provide reading support remotely to second class pupils in Scoil Aiséirí Chríost, Cork and Mother of Divine Grace, Dublin.

Webinars

As part of Gas Networks Ireland's efforts to adapt to delivering community programmes remotely, teams across the business worked together to deliver a number of webinars to promote awareness of sustainability topics.

Students at the wrap of Time to Read in Cork



Social



Students, school staff, and volunteers marking 15 years of partnership with Nagle College, Cork

STEM Southwest Industry and Career Expo

STEM South West is a careers event aimed at thousands of students from the South West of the country with an interest in the fields of Science, Technology, Engineering and Maths; its goal is to encourage Ireland's future workforce to look at a career in these industries by demonstrating to them just how exciting, interesting and exhilarating the subjects can be in the real world.

Gas Networks Ireland exhibited at the 2021 virtual event and provided 3,517 attendees with information on our apprenticeship programme and the importance of STEM for potential careers in Gas Networks Ireland.

Employability

World of Work

In 2021 Gas Networks Ireland continued to support the World of Work programme which promotes education for secondary school students. We have worked with Nagle College Cork on the programme since 2006, celebrating our 15th year working with the school this year. 2021 marked Gas Networks Ireland 12th year partnering with Beneavin College in Finglas.

The Grow Dome Project

The Grow Dome Project is an award-winning social enterprise which transforms unused land into a community resource through the installation of grow domes. Again this year we continued our support for this project through our partnership with Inner City Enterprise.

Engineers Week

Engineers Week, run by the Engineers Ireland STEPS programme, promotes engineering to children in Ireland. During STEPS Engineers Week, engineering is celebrated across Ireland, with primary and secondary children the target audience. The main aim of the week is to promote engineering - and to show the importance of the profession - to children in Ireland.

Colleagues across Gas Networks Ireland took part in events aimed at positively showcasing engineering as a rewarding and creative career choice. Promoting STEM to primary school students in a fun and interactive way is crucial in promoting a positive attitude to occupations in science and engineering.

Christina van der Kamp, CSR Manager, Catherine Sheridan, Communications Manager, Ervia and Anne Moore, Sustainability Manager - hosted an 'Energize' workshop for children of employees, delivering modules on energy awareness and on safety in the home.

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.

During 2021, we continued our commitment to developing the skills and competencies of staff, delivering several new training programmes, supporting our staff through COVID-19 and providing a suite of tools and resources to enable all our employees.

Our colleagues

Our overarching ambition at Ervia is that the people who work across our company feel like this is a great place

to work, and that their experience of coming to work every day is enriching and rewarding. As an organisation we are committed to listening to our people in a number of ways. This includes engagement surveys, through our employee forums and a program of two-way leadership communications. By continuing to listen and address areas that are important for our people we can take really positive steps to shape our culture, improve how we do things

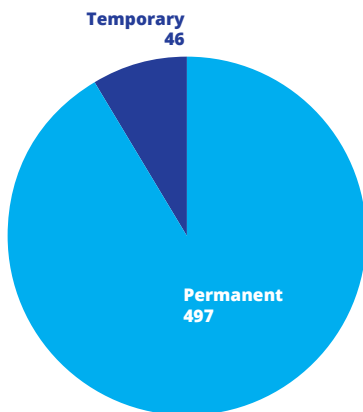
and how we support our people. We aim to create an environment where all of our people find their role both personally and professionally rewarding.

2021 was a challenging year as we continued to live with COVID-19 and the impact it has had on our lives as well as on our business. At the beginning of the pandemic we adjusted our ways of working and adapted effectively to ensure we continued to deliver essential services and to support our employees and to ensure their safety while working on site, in the office or at home. Throughout 2021 we considered future ways of working, post pandemic, and commenced our Future Ways of Working project in readiness for the future.

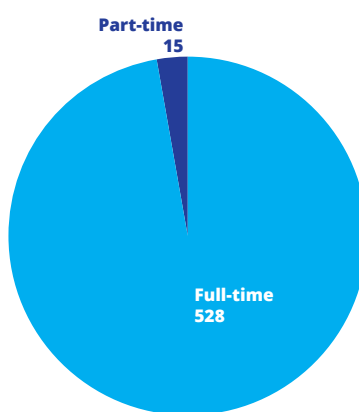
GRI 102 – 8 and 401-1

Gas Networks Ireland employees statistics

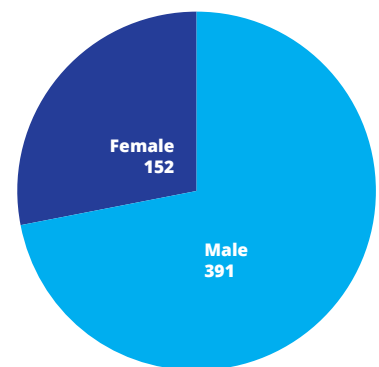
Contract (perm/temp)



Type (full time/part-time)



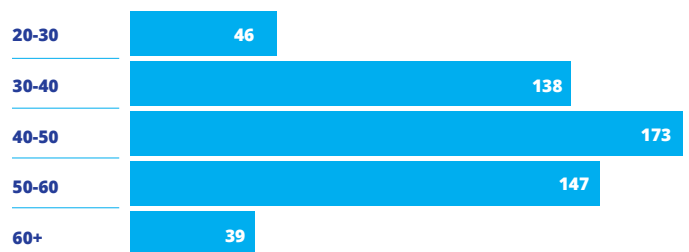
Gender



Region



Age profile



Social

(a) Total number and rate of new employee hires during the reporting period, by age group, gender and region.

Age	18-20	20-30	30-40	40-50	50-60
	0	3	5	1	3
Gender	Male		Female		
	8		4		
Region	Cork		Dublin		
	10		2		

(b) Total number and rate of employee turnover during the reporting period, by age group, gender and region.

Age	20-30	30-40	40-50
	2	4	8
Gender	Male		Female
	8		6

GRI 401-3

Parental Leave

(b) Total number of employees that took parental leave, by gender.

Gender	Male	Female
	7	36

GRI 402-1

Labour management relations

Minimum notice periods regarding operational changes

We engage with all employees and representatives when implementing significant operational change. We have long established approaches to operational change including employee consultation and notice as well as relevant representatives through our recognised Group of Unions.

In 2021, Project 23 and Project Horizon prepared the business for the operational and legal separation of Irish Water and Gas Networks Ireland from Ervia.

GRI 404-1

Training and education

Average hours of training that employees have undertaken during the reporting period:

- 2,567 eLearning courses completed on Learnworks in 2021 and this was across 235 eLearning courses
- 15,516 course registrations and bookings across Ervia in 2021.

GRI 404-3

Performance reviews

All of our employees participate in our annual performance management process which involves monthly performance discussions and three significant checkpoints including objective setting at the beginning of the year, a formal mid-year and end of year

review. Each employee takes part in this process and managers have an objective included in their own performance reviews to ensure focus in this area.

GRI 102-41

Collective bargaining agreements

We support the right of all employees to join a trade union, we operate under collective bargaining negotiations and agreements and work effectively with the Group of Unions.

Under GDPR, data that relates to membership of a Trade Union is classified as being a 'special category of personal data' and 'sensitive personal data', therefore the data of union members is subject to a high level of protection and we do not monitor total membership numbers.

We engage with the group of unions from the onset of any change programme and we continue to work together until the implementation of any change. We do not have set numbers of weeks' notice for business change processes but our collective agreement 'Response 2000' outlines our consultation and partnership approach. For all major change initiatives a working group with both company and trade union representatives is set up to examine the issue and develop mutually agreeable solutions.

Occupational health and safety
Work Safe Home Safe

Our Work Safe Home Safe programme continued to grow in scope and ambition in 2021 and proved to be a considerable workforce benefit during the ongoing COVID-19 pandemic. The programme includes a suite of initiatives across safety, health and well-being. Key health and wellbeing initiatives focused around Mind, Body and Life with a pivoted focus on supporting our colleagues in response to COVID-19.

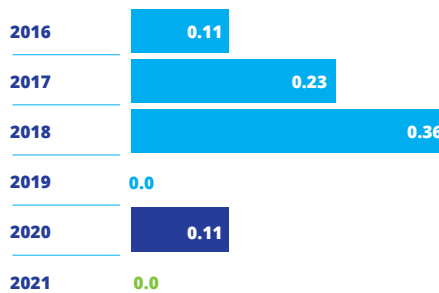
2021 initiatives:

- Health Screening (this was resumed in 2021 following its suspension in 2020 due to COVID-19) 1178 employees across Ervia had screenings completed
- Virtual People Awards ceremony
- Time to Talk Mental Health Programme including:
 - A week of virtual talks and events relating to Mental Health and Wellbeing
 - Launch of Mental Health First Aid Training
 - Roll out of Manager and Employee Mental Health awareness training
- Workplace Wellbeing Day – 30th April
- World Mental Health Day
- Flu Vaccine Programme
- Marie Keating Cancer webinars
- Healthy Heart webinar
- Banking at work –online appointment service
- Financial wellbeing webinars included:
 - Financial Wellbeing advice
 - Mortgage readiness
 - Investments and Savings
- 30 days moves challenge
- Time for you Thursdays
- Yoga Classes
- Back Care Programme
- Food Choice Ireland - Ervia partnered with Food Choice Ireland, a company founded by dieticians in University College Cork to provide regular nutritional information to employees.

We also implemented a suite of extra resources to support colleagues during COVID-19 including:

- Remote working health and wellbeing guidance
- Manager guidance for effective teamwork, including 1-2-1 tips for managers
- Email, Zoom and conference call etiquette
- Key contact information and supports

Total LTIFR – employees (>1 day)#/100k hours



We use the Lost Time Incident Frequency Rate (LTIFR) to track the number of employee workplace accidents per 100,000 hours worked that result in a staff member needing to take >1 day off work.

Safety is a core value at Gas Networks Ireland. The Work Safe Home Safe safety culture programme has been in place since 2015 and we continue to work to improve our safety performance.

Safety management system

We put safety at the heart of everything we do. It is our goal that our activities and assets shall not cause harm to anyone.

Our Safety Management System is certified by the National Standards Authority of Ireland (NSAI) to the ISO 45001:2018 standard for Occupational Health and Safety Management Systems. Our Safety Management system was

recertified by the NSAI for another three years in 2020 and underwent a successful surveillance audit in 2021. The scope of the certification covers the development, design, construction, maintenance and operation of our gas transportation networks in the Republic of Ireland, Northern Ireland, Scotland and the Isle of Man and the management of leak detection for the natural gas distribution network in the Republic of Ireland.

Our ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 50001 Asset Management System and ISO 55001 Energy Management Systems also underwent successful surveillance audits in 2021 by the NSAI following their recertification in 2020. Much of the audit was conducted remotely due to COVID-19 restrictions.

The Safety Management System applies to all employees and all workplaces controlled by the business. Aspects of the Safety Management System also apply to service delivery partners where they are working in our workplaces or on our assets.

Additionally, we require that service delivery partners operate safety management systems that align with ours and we seek details of key service delivery partner safety management systems and safety performance as part of our procurement processes. We also undertake audits, inspections and other activities appropriate to the nature and level of risk of the goods and services during the contract.

Social



Risk assessments are completed and reviewed by competent safety professionals in conjunction with subject matter experts from the business, including, as required, operational field staff.

Hazard identification, risk assessment and incident investigation

Gas Networks Ireland has a written process for undertaking hazard identification and risk assessment processes. All our workplaces and tasks have written risk assessments completed. These are reviewed on a regular basis and when changes are made to existing sites, for example, after the completion of capital works projects. New risk assessments are completed for new tasks, locations and situations as required. An annual plan for reviewing and updating risk assessments is prepared and monitored.

In 2021, in addition to the routine review of existing risk assessments, COVID-19 risk assessments were reviewed and updated for all key work tasks and office locations.

Risk assessments are completed and reviewed by competent safety professionals in conjunction with subject matter experts from the business, including, as required, operational field staff.

All personnel are encouraged to report workplace hazards (HAZCONs), i.e. abnormal or unsafe situations or behaviours that have the potential to cause harm. By identifying, correcting and reporting such instances, potential accidents are prevented. Our employees can report HAZCONs via a Sharepoint site or, since 2019, via a HAZCON application on corporate mobile phones and tablets. The HAZCON app enables our people to report safety risks and dangers from field, site or office locations by uploading photos, as well as GPS locations, so that hazards can be addressed as soon as possible.

Examples of good HAZCONs are published on noticeboards and the individuals who reported them are given credit.

Employees reported 322 HAZCONs in 2021. This was lower than normal due to most staff working from home as a result of the COVID-19 pandemic. In July 2021, Gas Networks Ireland was named as the winner in the 'Utilities' category at the Health and Safety Excellence Awards 2021. The award recognises organisations operating in the energy and utilities industry who

have most effectively demonstrated best practice in health and safety, compliance to standards, training, technical and behavioural improvements.

Key service delivery partners are required, via the terms of their contracts, to operate similar hazard reporting systems. In 2021, service delivery partners reported 2,286 hazard reports.

We have a comprehensive Accident/ Incident Manual in place which covers the arrangements for reporting and investigating accidents and incidents (unplanned events, which whilst not actually resulting in injury, had the potential to do so). The purpose of accident and incident reporting is to identify the causes so that action may be taken to prevent their recurrence.

Findings from accidents and incidents are reviewed at the Networks Safety Management Committee – a steering committee, chaired by our Managing Director, which meets six - eight times per year to consider safety performance and improvement initiatives.

Service delivery partners undertaking field work on our assets, are required to report accidents and incidents under the terms of their contracts and are also required to provide details of any investigations undertaken into these accidents/ incidents.

Worker participation, consultation and communication

Employees select representative(s) to represent them on safety and health matters in consultations with the company. We encourage and facilitate the appointment of safety representatives (and if required, the election of same), appropriate to the number and geographic spread of personnel and the nature of the activities undertaken in the business.

We provide safety representatives with training, time and resources to enable them to perform their roles.

A formal Safety Committee normally meets at least once per year. Informal consultation with safety representatives takes place regularly. In 2021 the Safety Committee did not meet due to the COVID-19 health restrictions. Instead, Safety Representatives (amongst others) were appointed Worker Representatives under the COVID-19 Work Safety Protocol. Consultation on COVID-19 working arrangements took place via a number of fora including our Employee Forum and dedicated meetings with Worker Representatives.

In addition to Safety Representatives and Committees we are committed to informing, communicating and consulting with our colleagues and partners through various methods including;

- Safety presentations and briefings to staff and contractors;
- Formal and informal meetings between line managers and staff;
- Safety Leadership Conversations at buildings, sites and workplaces. In 2020, telephone and videoconferencing (e.g. Zoom calls) were also permitted as means of conducting Safety Leadership Conversations due to the public health restrictions in place. This continued in 2021 Managers and leaders undertook 408 Safety Leadership Conversations in 2020. This includes approximately 70 new and reviewed one-to-one home workstation assessments undertaken by line managers with their staff;
- Intranet site – The Zone;
- Other company publications e.g. Connected (quarterly magazine), Staying Connected (weekly ezine);
- Senior management round table sessions and roadshows;
- Employee involvement in risk assessments;
- Safety posters and performance information on noticeboards;
- Employee involvement in the development and review of new and revised procedures;
- Hazard and accident/ incident reporting systems;
- Employee participation in the review and selection of personal protective equipment (PPE);
- Employee participation in working groups focussed on safety issues (e.g. safe driving);
- Development and circulation of safety bulletins and alerts by email and hardcopy, as appropriate and
- Communication of accident/ incident investigation findings;

Worker training on occupational health and safety

All personnel, regardless of their position, receive basic safety training, which includes:

- Information on health and safety legislation.
- Information on our Safety Statement/ Safety Management System and safety related roles and responsibilities.
- Information on workplace hazards and controls for site/ manual workers and office-based workers.
- Occupational health and welfare issues.
- Basic manual handling awareness/ skills.
- Basic first aid awareness.
- Basic fire safety, including the use of fire extinguishers.

This mandatory training is provided and managed by our Technical Training Centre every three years. The content, effectiveness and frequency of this training are continuously reviewed. Additionally, we operate a technical competency management system whereby minimum levels of safety and technical competency are identified for safety-critical roles in the business. Workers in these roles are assessed against these competencies and any gaps are identified for closure. The process involves training, mentoring, on the job learning and formal assessment. The competency management system applies both to selected employee and service delivery partner roles.

Due to the ongoing COVID-19 pandemic, face-to-face training was severely curtailed during 2021 with only essential face-to-face training taking place. Nonetheless, alternative training means, such as e-learning, online training and hybrid/ blended learning were employed to ensure that personnel developed and maintained competency across a wide range of safety, technical and non-technical areas.

Social

Safety performance

We actively monitor our safety performance, measuring a number of key safety performance indicators. Several of these form part of the overall corporate balanced score card of which safety comprises 13%. Of the 13%, lagging indicators form 5.2% and leading indicators form 7.8%.

The 2021 Safety Balanced Scorecard performance is reported below:

Level 1 Metrics	2021 Actual
Serious Injuries/Fatalities (monthly) => 2.6% weighting	Zero
Safety composite 10.4% weighting	
=> 2.6% Incident Rate	103%
=> 7.8% Leading	103%
Level 2 Metrics - Composite Breakdown	2021 Actual
Incident Rates	
a. Total LTIR – employees	0.00
b. Total LTIR – contractors	0.24
Leading KPIs	
a. Integrated HSQE inspections	721
b. Integrated HSQE audits	33
c. CAR closure rate	99%
d. HAZCONs raised by staff	322
e. Safety conversations/tours	408
f. HiPo – completion of HiPo investigations within 1 calendar month	100%
g. Completion of the Work Safe Home Safe programme (continuous improvement initiatives)	95%

There were zero employee Lost Time Injuries (LTIs) in 2021. The employee total Lost Time Injury Rate (LTIR) was 0.00 and the reportable LTIR was 0.00. In February 2021, we reached the milestone of one year without an employee LTI and in March 2021 we achieved 1 Million hours worked without an employee LTI. This represents excellent safety performance.

We also measure the safety performance of service delivery partners that work in the field on our assets (these are the workers who are most directly affected by our activities and assets). These service delivery partners worked a total of over 1.27 Million hours in 2021 and recorded a total LTIR of 0.24.

Of the 3 Lost Time Incidents that did occur amongst service delivery partners in 2021, one was an eye injury sustained whilst using an angle grinder, one was an eye injury from being struck by a rake and one was an ankle injury sustained whilst descending steps. None of the injuries were serious. All incidents are investigated, and recommendations are tracked and monitored via our Corrective Action Report (CAR) system to help reduce future incidents.

Leading indicators include the number of Health, Safety, Quality and Environmental audits and inspections undertaken, the closure rate for Corrective Action Reports (actions arising from audits, incident investigations etc.) the completion of investigations into High Potential incidents (HiPos) within defined time criteria and the completion of safety improvement initiatives.

We are proud of this excellent performance; however, we continue to strive to achieve zero injuries in line with our stated Safety Policy goal that “our activities and assets shall not cause harm to anyone”.

Apprenticeship programme

We commenced our first apprenticeship programme in thirty years in 2015 apprentices across three different craft areas, Mechanical Fitting, Electrical Instrumentation and Pipefitting. These apprentices have now successfully achieved their respective trade certification and nine of these have joined Gas Networks Ireland on a permanent basis in 2021.

In 2018 we took on seven apprentices across three craft areas including electrical instrumentation, mechanical automation and maintenance fitting and plumbing. The apprentices are currently progressing through their apprenticeship programmes.

Apprenticeship programmes are an integral part of our workforce plans. These programmes help to ensure that we have a strong technical talent pipeline developing throughout the organisation now and into the future.

Learning and development

In 2021 we supported:



**Online learning -
2,567 course registrations and bookings
across Ervia**



**Virtual classrooms -
261 classes attended by Gas Networks Ireland
staff**



**Further education -
15 employees received sponsorship**



**Lean Six Sigma -
Yellow Belt Training - 93 participants**



**'LearnWorks' platform-
Over 15,516 course registrations and bookings
across Ervia in 2021**

(LearnWorks is used to support learning in Ervia including booking for virtual calendar of events training, support materials for development programmes, resource materials for people managers and senior leaders as well as community of practice forums)



**IMI mentoring programme -
3 participants**



**Ervia Inspire mentoring programme -
17 Gas Networks Ireland Mentors,
11 GNI Gas Networks Ireland
Leadership
Development**

The average hours of training per employee in 2021 was 11.2 hours.

Social

Diversity and inclusion

We are committed to and recognise the importance of creating and sustaining a diverse and inclusive workplace and work force, one that is reflective of the communities that we serve. We already are fortunate to have diverse teams across our business, our work force is comprised of team members from 34 countries, people of all ages and from many social and ethnic backgrounds.

Diversity in numbers

Gender	Male		Female		
	391		152		

Region	Dublin	Cork	Regional	Brussels (ENTSOG)	NI
	249	276	17	0	1

Gender	Male		Female	
	72%		28%	

Age group	under 30 years old	30-50 years old	over 50 years old
	8.5%	57.2%	34.3%

Information related to membership of a minority or vulnerable group is voluntarily disclosed by employees and as a result we do not currently hold the information required on our HR systems.

Under the guidance of the Diversity and Inclusion Council (D&I), we have established Working Groups under the ibelong programme, each year since 2020. Since the launch of the Diversity and Inclusion Council we established three Networks, namely the ibelong Womens Network, ibelong Rainbow Network and the ibelong Family Network. In 2021 the ibelong Ethnicity and Cultural Network was also established. The ibelong programme aims to develop a culture where all staff feel included, respected and supported in the workplace. These groups provide a unique opportunity for collaboration and inclusion for members and allies across a range of topics and areas of common interest and are instrumental

in informing and supporting our approach to diversity and inclusion as an employer.

Each of the Networks have committees in place and run events which fully support a culture of inclusion, respect and support.

During 2022 Irish Water and Gas Networks Ireland will be established as separate entities and legal separation will take place in 2023. Each of these companies will continue with the respective ibelong networks for a period in 2022.

Focusing on female talent

We launched the Female Talent Development Programme in Sept 2020, which is part of a broader Ervia ibelong Diversity and Inclusion initiative. The aim of the programme is to support and motivate identified female employees focus on their individual growth and career progression through networking,

assertiveness skills, authentic self-promotion, Interview training etc. The programme is 6 months in duration and participants can choose which elements of the programme they wish to undertake (and are most applicable to where they are in their career). In this way, time commitments are workable to each individual needs.

In total, there are 22 Gas Networks Ireland participants currently on the programme.

Employee engagement

We truly appreciate the contribution that every employee makes to ensure the success of the organisation. We survey our employees' opinions regularly, listen to their feedback, ensure they are engaged and that they know their work matters.

In 2021 we supported:

- Our weekly news and events e-zine 'Staying Connected'
- Our Intranet website 'The Zone'
- Virtual Coffee with members of our leadership team
- Employee forum meetings
- Our Annual People Awards event held virtually in October 2021

Fair wage

A culture that engages, excites and empowers our people and workforce is essential to achieving our ambitions and delivering on our strategy. Fair compensation is an important factor in achieving this. All our employees are paid beyond the Living Wage.

Agile working

In 2019 Agile Working was introduced across the business, facilitating employees to work one day a week from another Ervia location or from their own home. The adoption of Agile Working practices served us well during the global pandemic, with all office-based employees previously having the ability to access our systems from home.

In 2021 we announced our commitment to pilot the Future of Work programme - a hybrid working model which will enable employees to blend working from the office with working remotely, meaning the vast majority of our people will be able to avail of remote working for up to three days a week subject to operational requirements. We are making strong progress with our plans for a hybrid working pilot with a team reviewing operational considerations and finalising a policy and training.

GRI 102-35

Remuneration

Remuneration Committee

The Remuneration Committee's responsibilities are set out in its Terms of Reference, which is available at www.ervia.ie. The Remuneration Committee held 11 meetings during the year.

Key activities undertaken by the Remuneration Committee in 2021 include:

- Review of the CEO's and other senior managers' performance for 2020;
- Review and consideration of Talent and Succession plans;
- Review of the Ervia pay model;
- Appointment of Level 1 and Level 2 Executive roles as part of the separation of Gas Networks Ireland/ Ervia and Irish Water;
- Set and review performance as per 2021 scorecards;
- Consideration of the results of the employee engagement survey;
- Annual review of executive pay;
- Single Public Utility pension implications; and
- Project 23 pension implications.

Pensions

The Ervia Group operates a defined benefit scheme and a defined contribution scheme.

Defined benefit scheme

The Group operates one externally funded defined benefit pension scheme in Ireland. The level of benefits provided depends on members' length of service and their pensionable salary when they leave the scheme, i.e. a 'final salary' scheme. Increases are generally provided to pensions in payment on a discretionary basis with a long-term target of price inflation. The defined benefit scheme is administered by a Board of Trustees which comprises

member and employer representatives. The Board of Trustees is responsible for the management and governance of the scheme including compliance with all relevant laws and regulations. The assets of the scheme are held separately from those of the Group in trustee administered funds. The scheme is subject to independent actuarial valuations at least every three years. The latest valuation of the defined benefit scheme was carried out as at 1 April 2020 by a qualified actuary. The next actuarial valuation is due with an effective date of 1 April 2023. Further information regarding our pension schemes can be found in the Ervia annual report.

GRI 401-2

Employee benefits

All benefits as per benefits wheel below are available to all employees - there is a 1-year qualification period for sick leave.

(a) Aggregate employee benefits

	2021 €'000	2020 €'000
Staff short-term benefits	(46,483)	(50,174)
Post-employment benefits - defined benefit scheme	(11,372)	(10,663)
Post-employment benefits - defined contribution scheme	(2,677)	(2,837)
Social insurance costs	(5,045)	(5,392)
	(65,577)	(69,066)
Capitalised payroll and other payroll transfers	11,535	12,755
Employee benefit expense charged to profit or loss	(54,042)	(56,311)

Social

Core benefits include:

- Pension Scheme;
- 2½ company days, 24 days annual leave;
- Sick pay scheme, Income Protection, Death in Service;
- Educational Assistance;
- Paid Marriage/Civil Partnership Leave;
- Paid Paternity Leave;
- Enhanced Maternity Leave pay;
- Compassionate Leave;
- Other Statutory Leaves including:
 - Parental, Parents, Carer's and Force Majeure leave

Financial wellbeing benefits include:

- Tax Saver Ticket;
- Employees Credit Union;
- Home Computer Purchase discount;
- Microsoft Home Programme Scheme;
- AXA Insurance Group Discount scheme (car/home insurance);
- Christmas Saving Facility;
- Onsite Banking provided by Bank of Ireland;
- Long Service Awards;
- Payment of Professional Subscriptions

Physical wellbeing benefits include:

- Cycle to Work Scheme;
- Onsite fitness room;
- Staff Restaurant;
- Flu vaccinations;
- Group Health Scheme;
- VHI, Lyons: Irish Life, LAYA;
- Eye Care provision;
- Digital Doctor Service

Emotional wellbeing benefits include:

- People Awards;
- Agile working;
- Time to Talk Mental Health Programme including:
 - Mental Health First Aid Training
 - Manager and Employee Mental Health Awareness Training.

Employee assistance programme including:

- EAP online support website
- Specialist Information
- Legal / Financial Information
- Telephone Counselling
- Face-to-face counselling
- Wellbeing Week/ initiatives

Long service awards

Long service awards (LSA) total recipients

Recipients LSA - Cork (including Limerick and Waterford area)	60
Recipients LSA - Dublin (including Galway)	53
Total Length of Service Combined Dublin	1085
Total Length of Service Combined Cork	1165
45 Years	2
40 Years	3
35 Year	13
30 years	6
25 Years	7
20 Years	23
15 Years	36
10 Years	23
Combined Years of Service	2250 Years



Marketplace

Natural gas plays a critical role in providing a cleaner, competitive and secure energy supply for Ireland. Our challenge is to drive the evolution of Ireland’s energy system and respond to the challenge of climate change while providing a safe and secure energy supply.

2021 was dominated by the global COVID-19 pandemic. Our Crisis Management procedures were stood up in March 2020 and continued throughout 2021. We continued large scale working from home for much of the year and accelerated our strategy on employee wellbeing and engagement. A phased return to the office in Autumn 2021 was cut short by public health advice to return to working from home as COVID-19 case numbers surged in the latter part of the year. Our frontline staff continued to carry out essential maintenance and response work throughout the year. During the lockdown in the early part of 2021 we undertook a risk based assessment of all ongoing and planned work to determine which works should remain open and which should be suspended. The same risk based approach was taken to resume suspended works later in the spring as the country and economy gradually reopened. We proactively engaged with our shippers and customers and implemented the Commission for Regulation of Utilities (CRU) supply suspension scheme. While COVID-19 presented our business with significant challenges our comprehensive response has ensured continuity of service throughout the year for our shippers and customers, testament to our robust business continuity plans and the dedication and hard work of our colleagues and service providers.

Average # mins to respond to public reports of escapes



This measure tracks how quickly we respond, on average, to reports of gas escapes as reported by the public. Our agreed metric with the CRU is 97% response within 1 hour, in 2021 a 99.9% compliance rate was achieved.

This is a core safety metric. Maintaining these high performance standards consistently over time shows how important this is to us.

Safety

Delivering the highest health and safety standards

We are committed to the highest possible safety standards and during 2021 we continued to manage all aspects of operations in a safe and environmentally responsible manner. Our comprehensive Safety, Environmental, Quality, Energy and Asset Management Systems, independently certified to ISO 45001, ISO 14001, ISO 9001, ISO 50001 and ISO 55001, ensure our activities are managed in

accordance with international best practice. We provide a best-in-class emergency response service. In 2021, we responded to 14,646 publicly reported escapes of gas with an average response time of 29 minutes and 99.9% of these reports were responded to within one hour. Our Combined Lost Time Incident Frequency Rate for staff and key service providers) stood at 0.13, having been as low as 0.04 in July 2021 – the lowest since we began measuring. We recorded over 400 Safety Leadership Conversations and undertook 33 Internal management system audits along with over 700 safety, technical and environmental inspections.

In 2021 our five individual ISO systems underwent a successful integrated surveillance audit by the National Standards Authority of Ireland. In July 2021, Gas Networks Ireland was named as the winner in the ‘Utilities’ category at the Health and Safety Excellence Awards 2021.

The hydrogen safety strategy commenced in 2020 was completed in 2021. The strategy has identified the activities required to safely introduce hydrogen to the natural gas network.

During 2021, we have replaced all of our 1850 public telephone numbers with 1800 or 0818 numbers. This follows a decision by the telecommunications regulator ComReg to abolish certain Non-Geographic Numbers (NGNs) at the end of 2021 due to perceived customer confusion and high costs of using NGNs. All replacement numbers went live during 2021 and locations where these numbers are displayed such as the Gas Networks Ireland website, van liveries, brochures and leaflets have, or are being changed over. We have engaged closely with ComReg, the Commission for Regulation of Utilities, ESB Networks and Irish Water and have agreed with ComReg that utility emergency/ safety related 1850 numbers (including the Gas Networks Ireland 24/7 gas emergency

Social

number) will remain operational after the 31st December 2021 date by which other NGNs will cease operating. These safety/ emergency related numbers are displayed widely on assets which are not easily changed and so the “old” 1850 numbers will operate until at least 30th November 2023, prior to which an evidence based review will be undertaken to determine whether they should be terminated.

Customer health and safety

We are committed to the highest possible safety standards and during 2021 we continued to manage all aspects of our operations in a safe and environmentally responsible manner. Our comprehensive Safety, Environmental, Quality, Energy and Asset Management Systems, are independently certified to ISO 45001, ISO 14001, ISO 9001, ISO 50001 and ISO 55001 and help to ensure that our activities are managed in accordance with international best practice.

Natural gas is a flammable fuel. When transported and used correctly it is safe, however leakage and misuse, whether deliberate or inadvertent, can pose risks. The primary risks associated with natural gas are fire or explosion arising from uncontrolled leakage and carbon monoxide poisoning arising from incomplete combustion.

We work closely with the Commission for Regulation of Utilities, Register of Gas Installers of Ireland, the National Standards Authority of Ireland and Liquid Gas Ireland amongst others, to ensure that safety standards are continuously improved, not only for the natural gas network, but also for consumers of natural gas.

We operate a best-in-class emergency response service to respond to suspected gas escapes, carbon monoxide incidents or other gas related emergencies.



Safety advertising

We are committed to promoting public safety awareness of natural gas via a range of multi-media advertising campaigns, including the Gas Emergency Service, Dial-Before-You-Dig, Meter Tampering, Always Use a Registered Gas Installer and Carbon Monoxide campaigns. Each campaign has its own unique call to action but feeds into the ultimate objective of promoting gas and energy safety awareness. Each of the campaigns has been successful in driving safety awareness.

The Gas Escapes campaign raises public awareness of what to do and who to call if you suspect a gas leakage. In April 2021 we launched a new Gas Escapes campaign as the gas emergency number changed to 1800 20 50 50. We undertake consumer research annually on our main campaigns to establish awareness of key safety messages and the performance of the campaigns. In 2021, 83% of adults were able to recall the new gas escapes campaign, with 85% (unprompted) knowing at least one correct action to take in the event of suspecting a gas escape, up from 79% in 2020.

We operate a best-in-class emergency response service to respond to suspected gas escapes, carbon monoxide incidents or other gas related emergencies. In 2021 we responded to 14,646 publicly reported escapes of gas with an average response time of 29 minutes, and 99.94% compliance within one hour.

The Carbon Monoxide campaign raises awareness of the causes, signs, symptoms and preventative measures for carbon monoxide poisoning. In February 2021 we launched a new Carbon Monoxide advertising campaign to encourage owners of Carbon Monoxide alarms to test their alarms on a regular basis. Research from 2021 shows almost universal awareness (92%) of the dangers of Carbon Monoxide.

78% of adults recalled seeing the new advert promoting the regular testing of carbon monoxide alarms. Ownership of carbon monoxide alarms continues to grow, with 75% of homes now having at least one compared to only 25% in 2014 prior to the launch of the Tommy McAnairey ads. The number who tested their alarm within the last 6 months stood at 61% - up 6% on 2020. Our new Carbon Monoxide ad to communicate what to do when your Carbon Monoxide alarm goes off will air in early 2022.

The Dial Before You Dig campaign encourages anyone planning or undertaking excavation or similar ground works to contact Gas Networks Ireland in advance to obtain gas network drawings and to follow safe digging practices to reduce the risk of damaging a gas pipeline. The Dial Before You Dig online portal, launched in Q4 2019 has seen huge traction with nearly 4,200 users registered for the service by the end of 2021. Over 19,000 searches for drawings were made using the system during 2021, up from 16,656 in 2020.

In August 2021 we launched a new Meter Tampering campaign communicating the dangers of tampering with your meter. The new campaign continues to make people aware of the dangers of illegal interference with gas meters and offers people a means of reporting concerns about meter tampering in their area.

The ads run online, on social media and in outdoor locations.

We also promote the Register of Gas Installers of Ireland (on their behalf) via a multi-media campaign. Results from 2021 show 77% of people are aware of the Register of Gas Installers, up from 67% in 2019.

The gas emergency telephone number has changed from 1850 20 50 50 to 1800 20 50 50

Downstream gas incidents and non-compliances

Under the Gas (Amendment) Act 1987 (Section 2) Orders of 1987 and 2003 we are obliged to report fatalities, injuries requiring hospitalisation, and property damage of a value greater than €6,349 to the Commission for Regulation of Utilities (CRU) where natural gas is involved. Such incidents are termed "Reportable Incidents". We are also obliged to report any other incidents involving natural gas to the CRU where we believe it is beneficial to do so. We are committed to transparent and open disclosure and have agreed additional categories of incidents with the CRU that should be reported under these criteria. These are termed "Reportable Under Guidelines" (RUG) incidents. Such incidents are reportable whether they occur on our network or on consumer installations downstream of the gas meter (which are the responsibility of the consumer).

In 2021 we reported five Reportable gas incidents and five RUG incidents on downstream (consumer) installations. None of these incidents involved fatality or serious injury.

When working on customer installations, we have obligations in relation to the identification of unsafe or non-compliant gas appliances, installation pipework and ventilation that are downstream of the meter (and are thus the responsibility of the consumer). If safety issues or non-compliances are identified, we issue a Notice of Hazard to the consumer and may shut off either the gas supply to the whole property or the gas supply to an individual appliance depending on the nature of the issue identified. The consumer is then required to contact a Registered Gas Installer to rectify the issue(s). In 2021 we issued 13,650 Notices of Hazard.

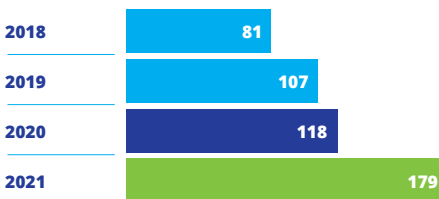
Business delivery

Operating, maintaining and developing our network in an efficient and economic manner is a key element of our strategy. In 2021 we delivered over 39,732 planned maintenance work orders on the transmission and distribution networks and a capital expenditure programme of €109 million which included ongoing programmes to improve the safety and reliability of the network. 98% of all planned maintenance was completed and no gas quality non-conformances were identified. We continued to operate the network 24*7 continuously across the year. Grid Control operated independent shifts from separate locations in Midleton compressor station and Gasworks Road as a protective measure to prevent the spread of COVID-19. Emergency Dispatch (the 24*7 emergency service control room) operated independent shifts from the Networks Services Centre and Brownsbarn campus for the same reason. While the national approach and restrictions to contain the spread of COVID-19 impacted delivery of some capital works during 2021, the majority of construction works continued throughout the year, unlike during 2020 when the initial public health restrictions that were imposed significantly impacted on this work for a period.

Social

Stakeholder engagement

Gas Networks Ireland stakeholder engagements Initiatives Growth by year



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).

The importance of holding stakeholder sessions and supporting the community in towns where the gas network is expanding is recognised. 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.

European affairs

Gas Networks Ireland's newly enhanced Policy and European Affairs team articulates our standpoints at a European (EU) and national level, advocating on behalf of gas and the gas network and ensuring we impact on future energy policy developments and decarbonisation commitments at an EU and national level.

Engaging with a wide range of EU stakeholders including the European Commission, European Parliament, key European gas associations [ENTSOG, Eurogas, GIE and GD4S] and key European institutions, they leverage strong EU working relationships and actively participate in Working Groups and initiatives to extend our influence as an energy leader in Europe.

Europe's plans for climate neutrality by 2050, as outlined in the European Commission's European Green Deal, places importance on how all gas system operators manage infrastructure and deliver services for the future. Our European Affairs team ensures our position is reflected in key emerging strategies from the EU, including the Hydrogen and Decarbonised Gas Market Package and the Methane Emissions Regulation.

Europe's decarbonisation ambition brings with it the significant challenge for Transmission (TSO) and Distribution System Operators (DSO) of delivering work practices and services in a sustainable manner. Our team's ongoing collaboration with various EU institutions and associations ensures collective focus on this challenge and a stated commitment to delivering best practice. During 2020 and 2021, our European Affairs team, working with our sustainability and corporate responsibility leads, helped develop a 'Sustainability Charter' for GD4S, of which Gas Networks Ireland is a member.

Ireland's gas network can play a central role in helping Ireland achieve its commitment to net-zero by 2050 and our Policy team are focussed on ensuring we deliver on the relevant actions assigned to us in the Government's Climate Action Plan (CAP) 2021 and are actively developing key policies and measures and advocating for their inclusion in CAP 2022 and beyond.

Transparency

As a commercial state body, we are an open organisation which strives to be accountable and transparent to the public. We are committed to improving the public's understanding of how the organisation operates and our role in delivering important national infrastructure and services to support the social and economic development of Ireland.

Anti-corruption and bribery

We actively promote a culture where acts of bribery and corruption are never acceptable. This culture is promoted and led by our board, executive and extended senior leadership team. Nobody within our company or acting on our behalf, may give or accept, directly or indirectly, a bribe or inducement in any form or solicit a bribe, directly or indirectly. An example of behaviours prohibited in this context is the giving or receiving of excessive gifts or hospitality, or receiving gifts or hospitality in exchange for information.

The Ervia Chief Legal Officer is responsible within Ervia for overseeing all anti-bribery actions and the Group HR Director is responsible for communicating our anti-bribery policy to all new staff during induction. As well as providing quarterly and annual refreshers on relevant anti-bribery and corruption topics for existing staff in accordance with Ervia's "Doing The Right Thing" policy.

Ervia's policies encourage staff to report any concerns relating to activities that may constitute an act of bribery or corruption to their line manager without delay – or if that is inappropriate in the circumstances to Ervia's Chief Legal Officer, or anonymously to a confidential email address or voicemail. Staff are routinely reminded of their ability to discuss concerns relating to bribery or corruption without fear of victimisation, knowing that the strictest confidence will be maintained – this process is outlined in Ervia's Protected Disclosures Policy.

Protected Disclosures and raising concerns

The mechanism whereby Ervia's employees and management may raise concerns, or make disclosures in the public interest, in accordance with the Protected Disclosures Act 2014, is outlined in the Ervia Protected

As a commercial state body, we are an open organisation which strives to be accountable and transparent to the public. We are committed to improving the public's understanding of how the organisation operates and our role in delivering important national infrastructure and services to support the social and economic development of Ireland.

Disclosures Policy. Further guidance on raising concerns for management and employees is outlined in the Code of Business Conduct, the Anti-Fraud Policy and the Anti-Bribery and Anti-Corruption Policy. Section 22 of the Protected Disclosures Act 2014 requires Ervia to publish an Annual Report relating to protected disclosures made under the Act. In accordance with this requirement, Ervia confirms that in the year ending 31 December 2021, there was one protected disclosure reported. The matter reported was investigated in accordance with Ervia's Protected Disclosures Policy and is now concluded.

Regulation of lobbying

Ervia and its subsidiaries (Gas Networks Ireland and Irish Water) are registered on the lobbying register maintained by the Standards in Public Office Commission and have made the required submissions for the return periods in 2021 in accordance with the requirements of the Regulation of Lobbying Act 2015.

Prompt payments

Appropriate internal financial controls are in place within Ervia to ensure compliance with the provisions of the European Communities (Late Payments in Commercial Transactions) Regulations 2012-2016. Ervia is a signatory to the Prompt Payment Code as launched by the Government in 2015 and, pursuant to its provisions, undertakes to pay suppliers on time, to give clear guidance to suppliers on payment procedures and to encourage the adoption of the code by suppliers within their own supply chains.

Evaluation of our approach

Controls are in place to ensure all our obligations are met, including detailed financial procedures, budgets, finance system automated workflows, external audit process, internal audit process and Audit and Risk Committee oversight of the financial statements.

Data protection and customer privacy

We are committed to meeting and exceeding our data protection obligations. All customer data is stored on encrypted systems that have appropriate segregation of duties. We have TLS (Transfer Layer Security) in place with customer facing vendors which encrypts all emails. We also have strong internal security controls around firewalls, patching, anti-virus protection etc, and align ourselves to ISO27001. All staff and contractors have undertaken online GDPR training.

The Ervia Group Data Protection Officer has not raised any areas of significant concern regarding non-compliance with regards to legislative requirements under GDPR during 2021.

A Gas Networks Ireland dedicated Data Protection Officer (DPO) has been appointed with effect from 1st January 2022.

Human rights and modern slavery

We have a zero-tolerance approach to modern slavery. 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 in any of our supply chains. We are committed to ensuring that there is transparency in our business and in our approach to tackling modern slavery throughout our supply chain and we expect the same high standards from all our contractors, suppliers and other business partners.

Steps taken in order to prevent acts of slavery and human trafficking from occurring within our business and supply chains;

- We always seek to comply with employment law applicable to the jurisdictions in which we operate and put in place contractual arrangements

Social

with providers of agency staff requiring that they achieve the same level of compliance

- The principles of the modern slavery act have been enshrined in the Code of Business Conduct (available at www.ervia.ie) which is reviewed on an annual basis. This is also highlighted and supported by a group-wide programme called Doing the Right Thing which aims to ensure that everyone carrying out business on our behalf does so with integrity and in an ethical manner
- We have developed anti-slavery and human trafficking requirements for incorporation into our procurement processes and contractual arrangements with contractors, suppliers and other third parties
- We have completed an assessment of third-party contractors and suppliers to assess any high risk of acts of slavery / human trafficking
- We provide training to relevant employees, particularly those involved in procurement processes, on the risks of slavery and human trafficking occurring
- We provide a mechanism for employees, and others, to report suspected incidents of unlawful behaviour, including slavery and human trafficking
- As part of our continued commitment to sustainable procurement and to inform the development of its processes, in 2021 we have issued surveys and conducted interviews with suppliers to understand the origin (direct and indirect) of products used and to understand the level of auditing of third countries and their social impacts and to ensure compliance with principles set down by the International Labour Organization concerning human and workers' rights
- We have also conducted an initial assessment of suppliers with an annual spend of greater than €500,000 who source elements of their materials or labour from outside of Europe

Customer

Customers needs, wants and perceptions shift as the context around them and the world shifts. In this changing environment, we continue to listen to our customers and view customer understanding as an ongoing drive/focus whether related to a specific interaction or project or as part of broad scale strategy

We delivered high quality services to over 711,000 domestic and commercial customers during 2021.

41,918
customer appointments made with 99% compliance rate

56,046
customer appointments kept with 99% compliance rate

1.57m
meters read

506,864
customer contacts handled by our Contact Centre

Supporting our customers during the pandemic

We supported the Commission for Regulation of Utilities initiative to implement a general system wide moratorium on debt-related gas meter locks and disconnections during the pandemic up until June 2021 (managed by shippers and facilitated by Gas Networks Ireland), ensuring customers had access to the gas they needed to help heat their homes and cook food. We also established a relationship with MABS, where quarterly meetings allow both parties to share information in relation to the challenges faced by customers relating to energy costs.

Putting our customers first

We met all our customer satisfaction score targets across all activities surveyed and with a 2% reduction in complaints made by our customers compared to 2020 and we have seen a decrease since 2018. We continued to engage with the wider industry in Ireland and the UK to gain insight on best practice to help influence and define our customer strategy and operations.

We helped customers manage their energy costs by enabling supplier switching and by installing Pay As You Go (PAYG) meters. PAYG meters now constitute 17% of the total residential meter population. These meters can be used as an important tool in the fight against energy poverty. In 2021, we have also exchanged in excess of 18,094 meters under our domestic meter replacement programme (both credit and PAYG).

We are responsible for the process of switching customers from one supplier to another. In 2021, there were nine competing retail suppliers active in the market. 122,500 gas customers changed supplier in 2021. Since the gas market opened to competition in 2004, over 1.4 million gas supplier switches have been completed.

Insights into action

Our Insights into Action programme helps us drive customer improvement initiatives to enhance customer experience by supporting efficiencies and promoting continuous improvement across the organisation. In 2021 we completed 34 customer experience initiatives, against our target of 26.

Customer centricity

In 2021 we continued to ensure that our customers are at the heart of everything we do. To measure the success of this strategy we have developed several customer centricity metrics.

After a customer contacts us, we ask a series of questions using three key metrics to understand how customers rate their experience.

Customer Satisfaction – how satisfied they were with the work carried out, from first contact right through until the work on the ground is fully completed. Satisfied customers give us a score of 7-10. Very Satisfied customers will give us a score of 9/10 out of 10.

Net Promoter Score – asking customers if they would recommend us to their friends/family is a measure of how we made them feel through the experience.

Net Easy – we ask customers how easy it was to interact with us and what would have made it easier for them.

Our customer centric score combines each of these metrics. Our score is reported and measured in our Balance Scorecard and departmental goals and targets. No matter where people work within Gas Networks Ireland, they play a part in delivering for our customers and empowering us to achieve an excellent Customer Centric Score.

Standards of service

We publish our 'standards of service' guides on our website to help ensure that all customers experience open and transparent service standards.

Our published service standards include:

- Customer Charter
- Vulnerable Customers Guide
- Complaints Handling Code of Procedure

Vulnerable customers

We are committed to providing the best customer service possible to all our customers, and in particular, those who are vulnerable by making specific provisions for those who require special services.

These commitments and provisions are detailed in our Vulnerable Customer Guide, which can be found at <https://www.gasnetworks.ie/docs/home/customer-care/vulnerable-customer-guide.pdf> and include:

“Gas Networks Ireland will not lock or disconnect your gas supply from 1st November to 31st March, unless it is necessary for safety reasons.”

“All customers classified as vulnerable on the Special Services Register will be dealt with as a priority for reconnection”

“In the event of a gas network outage or planned gas supply interruptions, we will provide alternative heating and cooking facilities comprising of a two-ringed electric cooker and electric heater”

Supporting Age Action

In 2021 we continued to work with our charity partners Age Action to promote our vulnerable customer services and provide support to their programmes in the community.

Since 2016 we have donated over €200,000 worth of carbon monoxide alarms, which were installed in the homes of elderly people. In 2020 we were one of the first companies to support Age Action's COVID-19 response and hardship fund, providing vital financial support (€8,000) for vulnerable people. Vulnerable older people were able to apply for a €250 grant to help with immediate costs including food, bills etc.

We also raised €13,338 through our customer survey programme. These donations went towards the

Care and Repair programme which supports older people who find it difficult to complete household tasks. 24 employees also volunteered on Age Action's new technology tutoring programme, Getting Started Keep in Touch, supporting cocooners to keep in touch with friends and family by showing them how to make video calls through their smartphones and how to use the internet.

We are continuing our partnership with Age Action for 2021, together we can make a difference for older people. We participated in and won Age Action's Big Corporate Challenge, our colleagues competed against other companies over a six-month period starting in March to create intergenerational activities, events and / or products to raise vital funds for Age Action's services.

Social

We also engaged with stakeholders who support the hearing-impaired community. Gas Networks Ireland have been exploring the use of technology in supporting hearing impaired customer who interact with us.

We had discussions with Irish Deaf Society on the possibility of rolling out of Deaf Awareness Training with Gas Networks Ireland stakeholders which aims to highlight the experience of the Deaf Community and the issues and barriers that they face.

We also gained insight from MABS into the Financial challenges people face and help us ensure that our staff can deal with issues they come across in an empathetic manner.



Above and Beyond Recognition team photo

Above and Beyond Recognition Programme

Our Above and Beyond Recognition Programme recognises and rewards staff and contractors who have received positive feedback from a customer via our survey programme. Quarterly celebrations are held, and each nominee receives a token reward and is entered into a prize draw. In 2021 73 colleagues were recognised for going above and beyond for our customers and 129 Contact Centre Agents for rewarded through our Voice of the Customer Programme.

Customer Case Study Taking our responsibility beyond connections



We recognise that our customers have sustainability goals of their own and are seeking cleaner energy solutions. We are committed to collaborating with our customers in this regard.

Established in 2017, sustainability-conscious Dublin burger joint, BuJo, is the only burger-focused restaurant in Ireland and the UK to achieve a 3 Star rating from the prestigious Sustainable Restaurant Association.

BuJo's Culinary Director, Gráinne O'Keefe, is one of Ireland's leading chefs and her philosophy at BuJo is to chargrill premium, Irish grass-fed beef over a natural gas flame imparting that unique smoky flavour that BuJo burgers are renowned for.

BuJo has committed to purchasing indigenous biomethane for a minimum of 12 months for three of their restaurants, which will help drive the renewable gas market in Ireland. Renewable gas that enters onto Gas Network Ireland's network is compliant with gas quality specifications as per the Code of Operations and compatible with existing gas equipment and infrastructure.

"Our approach is centred on environmental best practice; from how we source our produce, our packaging, our energy use, right through to how we operate within society and we are delighted to now have the opportunity to reduce our carbon emissions even further with Gas Networks Ireland." BuJo co-founder Michael Sheary said.

Case Study

Aurora Telecom: embedding sustainability into our operations: from dark fibre to subsea cables



Aurora Telecom is a division of Gas Networks Ireland. As Ireland's leading backhaul dark fibre service provider, we own and operate an extensive national backhaul fibre network across 15 counties in a ring topology, linking all the major cities and key urban centres along the route.

At Aurora Telecom, we are committed to helping our customers to achieve their sustainability goals by demonstrating that we embed, deliver and monitor sustainability across all our operations and those of our suppliers. We strive to manage our operations sustainably reducing environmental impact and minimising waste and disruption.

As part of a multi-utility company, we lay our network adjacent to the national gas network. Where possible, we align our projects with construction works that are being carried out by Gas Networks Ireland.

In 2021, we constructed and commissioned over 70 km of fibre backhaul network. We utilised mole ploughing and directional drilling techniques in the construction of our network. These work practices are recognised as an efficient, effective and environmentally friendly way of installing cable and pipes.

In addition, our fibre cabling supplier and crews dispose of cable cuttings and empty cable drums responsibly using dedicated waste facilities. At our co-location sites, we use free-air cooling systems to reduce emissions significantly and minimise environmental impact.

The traditional model for developing telecommunications networks is that each carrier would construct its own network but not permit others to use it. As a carrier's carrier, our 1200km network is designed with an ultra-high fibre count and is open access negating the requirement for a carrier to build their own network. By utilising our network, further construction works, materials and environmental cost is avoided.



Economic

Natural gas is of key strategic importance to the Irish economy, representing 34 percent of Ireland's primary energy mix and generating 46 percent of Ireland's electricity, peaking at 85% of electricity generation during 2021.



Introduction

We aim to deliver a safe, consistently excellent, efficient and cost-effective energy service that benefits all customers. Ireland's gas network is a valuable national asset which will play a major role in achieving a clean energy future in a least cost, safe and secure manner.

Natural gas is the ideal partner for renewable energy sources such as wind and solar and the gas network will continue to play a critical role in Ireland's energy sector. Renewable gas can ensure that Ireland has a robust, renewable and sustainable indigenous energy source as part of our energy mix well into the future. Coupled with the long-term potential of hydrogen gas, the gas network can play a crucial role in supporting Ireland's delivery of climate change targets.

Our robust and tested procedures ensured that Ireland's essential gas network continued to operate safely and without interruption throughout the pandemic in 2021.

Natural gas is the ideal partner for renewable energy sources such as wind and solar and the gas network will continue to play a critical role in Ireland's energy sector.



Economic

Investing in our future

We serve over 711,000 gas customers in Ireland, including over 27,000 businesses. Ireland's national gas network infrastructure, which is valued at €2.7 billion, is 14,664km long and covers the length and breadth of the country connecting towns and villages in multiple counties.

In 2021, the majority of the incremental volume delivered came from power generation and data centre sectors. Along with Aurora, we have developed a combined offering of natural gas, renewable gas and dark fibre services to provide the data centre sector with its primary source of energy and fibre connectivity. We connected over 6,219 new connections to the gas network in 2021 (across large industrial users, apartment blocks, homes, and commercial businesses) and contracted 848GWh of new natural gas demand. We powered over 34% of primary energy needs and over 40% of heating and transported 74.3 TWh of natural gas.

With safety as a priority for our assets and operations, we invested €147m in our gas and telecoms network infrastructure with a strong focus on driving growth and on transitioning our gas supply to renewable technologies such as biomethane and hydrogen and delivering programmes to improve the safety and reliability of the network.

As part of our work on decarbonising the nation's heavy vehicle transport sector, we added two Circle K publicly accessible, fast-fill Compressed Natural Gas (CNG) stations at Clonsaugh in Dublin and Ballysimon Road in Limerick. Strategically located to support prominent haulier routes, the state-of-the-art stations have the capacity to fill 50 Heavy Good Vehicles (HGVs) a day, with each fill taking no more than five minutes. These stations are the third and fourth stations in our expanding

network of Compressed Natural Gas refuelling stations in Ireland and we have another 11 in development. Also, we successfully have a CNG tipper grab truck now on the road. This truck generates well-to-wheel CO₂ emissions reductions of up to 23% (CENEX, 2019) and nitrous oxide (NO_x) by up to 50% (UK Department of Transport, 2018) compared to its diesel counterparts.

Additionally, to help Ireland's fleet operators and hauliers transition to cleaner, affordable CNG vehicles, we launched a €2.9m CNG Vehicle Grant Scheme, co-financed by the European Union's TEN-T Programme under the Connecting Europe Facility as part of the Green Connect Project.

During 2021, we entered into a new research project with UCD's Energy Institute to collaborate on a project investigating the potential use of hydrogen as a domestic energy source. Work is being carried out at UCDEI's Integrated Energy Lab and Gas Networks Ireland's new network innovation facility in west Dublin which enables the safe testing of pipelines, meters and appliances off-network. In 2021 a team of researchers began investigating the full potential of how hydrogen can be blended with natural gas, transported and stored safely through the country's existing national gas pipelines.

With small volumes of indigenously produced biomethane flowing into Ireland's gas network at the country's

only purpose-built gas injection facility in Cush Co. Kildare, in 2021 we began the detailed design and development of a second renewable gas injection facility in Mitchelstown in Co. Cork.

Aurora continued to expand its national footprint in 2021, connecting the main cities; key urban centres and datacentres across 15 counties. The Aurora team also successfully commissioned a 70km dual feed connection to interconnect a new subsea cable that links Ireland to the Isle of Man, to mainland UK. This critical infrastructure provides one of the shortest and most secure networks between both countries.

Our financial performance

In 2021 Gas Networks Ireland delivered a satisfactory financial performance. Revenue for the year was €476 million (2020: €447 million) and profit before tax was €88 million (2020: €110 million). The Group had total assets of €2.7 billion (2020: €2.7 billion) and liabilities of €1.6 billion (2020: €1.6 billion) at year end.

Revenue was €476m for the year to December 31st 2021, increasing by €29m compared to 2020. This increase was primarily due to regulated revenue increases from a combination of higher demand for capacity and higher transportation tariffs. This will allow us to continue funding future investment in the gas network. Additionally, when working with debt holders and credit rating agencies, we continue to commit to the climate change agenda and the targets we have set ourselves to 2050.

Return to the Shareholder: In 2021, we supported Ireland's economy and Ervia made a dividend payment of €38m.

Full financial statements can be found in the Gas Networks Ireland Directors Report and Financial Statement 2021 http://www.ervia.ie/who-we-are/financial-information/Ervia_GNI_Directors_Report_2021.pdf and the 2021 Gas Networks Ireland Annual Report http://www.ervia.ie/who-we-are/financial-information/Ervia_2021_AR.pdf

Revenue:

Our revenue increased by €29m compared to 2020

State support:

Ervia made a dividend payment of €38m in 2021

Gas Networks Ireland employees:

We paid €57m to employees in 2021

Economic

Innovation

As well as keeping safety as our priority, we strive to improve our network and we actively promote and utilise our Innovation Fund which provides funding to promote and encourage innovative projects in the gas industry with the potential to:

deliver significant carbon savings

increase throughput in the gas system

assist in the transition to a low carbon economy

provide measurable value to all gas customers

The Gas Innovation Fund is to provide support for research and demonstration projects and allows us to engage with key stakeholders to share knowledge and leverage the best use of all resources for innovation. It has many benefits in terms of supporting strategic and research projects and trials to meet the key priorities of the fund.

The Innovation Fund is split into three broad categories:

- Causeway (€12.8m)
- Innovation (€4.7m)
- Hydrogen (€2.5m million approved by CRU Aug 2021)

The Innovation Fund spend is spread among a number of projects such as:

- The Causeway project which is the largest funded project in the Innovation Fund. This project is intended to deliver 14 high capacity fast-fill CNG stations, a single renewable gas injection point and a vehicle grant. The fast fill stations provide quick, efficient and safe refuelling. We added two Circle K publicly accessible, fast-fill CNG stations Clonshaugh in Dublin and Ballysimon Road in Limerick in 2021, which were the third and fourth stations in the Causeway project.
- In 2021, the Gas Innovation Fund approved the allocation of over €550,000 of funding for 9 projects that cover a range of topics including hydrogen, carbon capture and storage and biomethane projects. The existing gas network is critical Irish infrastructure that can play a key role in the decarbonisation of a number of sectors across the economy and can enhance Ireland's energy security. The potential for renewable gas to reduce the carbon intensity of the gas network has been recognised and will continue to be an area that requires investment and innovation.

Our taxation policies

GRI 207-1

We are committed to complying fully with all applicable laws, rules and regulations in meeting our tax compliance and reporting responsibilities. We fulfil our corporate social responsibility obligations by paying appropriate taxes in compliance with both the letter and the spirit of the laws and regulations in both Ireland and the UK. Ireland and the UK are the primary locations where we operate and further detail on our subsidiaries, primary activities and the taxes paid by our business are included in the Ervia financial statements available on our website.

There is a Group wide integrity-based initiative, 'Doing the Right Thing' which promotes the integrity value and emphasises the importance of ethical behaviour.

Tax governance and control framework

Our Board has overall responsibility for risk management and the systems of internal control. The Group Chief Financial Officer is the executive responsible for ensuring that we comply with all applicable laws, rules and regulations associated with tax compliance.

We have a quarterly risk governance process in place which identifies the nature, extent and financial implication of risks we face including tax risks and also assessing our ability to manage and mitigate risks that may occur through putting appropriate controls and actions in place and also reports the risk profile to the Risk Management Committee and onwards to our Board and the Audit and Risk Committee of the Ervia Board.

Across the Ervia Group, fraud, bribery and corruption are not tolerated and it is each employee's responsibility to report any suspected acts of fraud, bribery or corruption or suspicious behaviour they encounter, this would

include any tax concerns that are identified.

There is a Group wide integrity-based initiative, 'Doing the Right Thing' which promotes the integrity value and emphasises the importance of ethical behaviour. As part of the initiative, guidance booklets are issued to employees on key ethics related policies with annual training updates and quarterly team integrity conversations.

The internal control environment includes internal policies requiring all employees to act with integrity and maintain the highest ethical standards. These policies include the Code of Business Conduct, Anti-Fraud, Anti-Bribery and Anti-Corruption, Lobbying and Protected Disclosures policies. It also includes a comprehensive anti-fraud programme including anti-fraud policy, training and communication and a fraud response plan.

Economic

Management of tax compliance

The following principles are applied to maintain and improve tax compliance:

- Hiring of tax and accounting qualified personnel to manage the tax obligations of the company
- Paying the right amount of tax and filing all necessary tax returns based on the tax laws, rules and regulations. These returns and payments will be made in full and on time
- Maintaining segregation of duties to ensure the preparation and review steps in filing all tax returns are completed independently
- Training and support provided to all non-tax qualified personnel with responsibilities for tax required information to ensure that they have the skills, technical expertise and knowledge to effectively and accurately fulfil their tax responsibilities and perform to the best of their abilities
- Ensuring key risk areas are monitored and material risks minimised by adhering to strict controls to ensure material compliance with all applicable tax laws, rules and regulations
- Engaging with the tax authorities and / or procuring the support of tax accounting firms where legislation is unclear or is subject to interpretation

Assurance process

Following the review of the Ervia annual corporation and deferred tax workings the auditor issues a letter of compliance confirming the tax charges are materially correct and that statutory obligations of timely filing of corporation tax returns have been fulfilled.

The financial note detailing our tax expense for 2021 can be found in Note 8 of the Gas Networks Ireland Directors' Report and Financial Statements 2021.

Relationships with Tax Authorities

We have an open and transparent relationship with all tax authorities, working to maintain and improve good tax corporate governance. We have signed up to the Co-operative Compliance Framework (CCF) with Irish Revenue.

The CCF is designed to promote open communication between Irish Revenue and larger taxpayers, reflecting the mutual interest in being accurate about tax liabilities. This provides for a relationship based on trust and cooperation between Irish Revenue and large businesses where both parties work together to achieve the highest possible level of tax compliance.

GRI 201-4

Financial review

Revenue

Revenue was €476m for the year to December 31st 2021, increasing by €29m compared to 2020. This increase was primarily due to regulated revenue increases from a combination of higher demand capacity and higher transportation tariffs.

Operating costs

Operating costs of €231m have increased by €49m compared to 2020. This is primarily due to higher gas commodity costs to run the compressor stations and by general inflationary cost pressures, offset by the delivery of further operating cost efficiencies. Wholesale gas prices have been, and continue to be, extremely volatile, reaching a peak in late December of 450 p/therm.

Depreciation

Depreciation and amortisation of €143m is €5m higher than the prior year, primarily as a result of our continued capital investment.

Profit before income tax

Profit before tax decreased by €22m to €88m for 2021 due to:

- Lower EBITDA of €20m,
- Higher depreciation charges of €5m, partially offset by
- Lower finance costs of €3m, primarily due to lower financing costs and the reduction in debt during 2021.

Summary Income Statement

	2021	2020
	€m	€m
Revenue	476	447
Operating costs	(231)	(182)
EBITDA	245	265
Depreciation and amortisation	(143)	(138)
Finance costs	(14)	(19)
Profit before income tax	88	111

Summary Balance Sheet

	2021	2020
	€m	€m
Infrastructure assets	2,542	2,534
Other assets	199	177
Total assets	2,741	2,711
Borrowings and other debt	(1,023)	(1,138)
Other liabilities	(543)	(466)
Total liabilities	(1,566)	(1,604)
Net assets	1,175	1,107
Net debt	(964)	(1,041)

Global Reporting Initiative (GRI) content list

GRI standard	Disclosure required of GRI	Section where disclosure is provided
GRI 101: Foundation 2016		
General disclosures		
1. Reporting principles	Organizational profile	
	1.1: Stakeholder inclusiveness - The reporting organization shall identify its stakeholders and explain how it has responded to their reasonable expectations and interests.	Our Sustainability strategy Stakeholder engagement Materiality assessment
	1.2: Sustainability context - The report shall present the reporting organization's performance in the wider context of sustainability.	Managing Director's Report Our Sustainability strategy Materiality assessment
	1.3: Materiality - The report shall cover topics that: - reflect the reporting organization's significant economic, environmental, and social impacts; or - substantively influence the assessments and decisions of stakeholders	Our Sustainability strategy Materiality assessment Stakeholder Engagement
	1.4: Completeness - The report shall include coverage of material topics and their boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess the reporting organization's performance in the reporting period.	Materiality assessment Highlights Priorities Environment Social Economic
	1.5: Accuracy - The reported information shall be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance	Our Sustainability strategy Highlights
	1.6: Balance - The reported information shall reflect positive and negative aspects of the reporting organization's performance to enable a reasoned assessment of overall performance.	Risk management
	1.7: Clarity - The reporting organization shall make information available in a manner that is understandable and accessible to stakeholders using that information.	Table of contents - Web format split between: Gas Networks Ireland Sustainability Report Environment Social Economic
	1.8: Comparability - The reporting organization shall select, compile, and report information consistently. The reported information shall be presented in a manner that enables stakeholders to analyse changes in the organization's performance over time, and that could support analysis relative to other organizations.	Table of contents - Web format split between: Gas Networks Ireland Sustainability Report Environment Social Economic
	1.9: Reliability - The reporting organization shall gather, record, compile, analyse, and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information.	Our Sustainability strategy
1.10: Timeliness - The reporting organization shall report on a regular schedule so that information is available in time for stakeholders to make informed decisions.	Materiality assessment GRI 102 – 52 reporting cycle Our sustainability report is published annually	

GRI standard	Disclosure required of GRI	Section where disclosure is provided
GRI 102: General disclosures 2016	Organizational profile	
	102-1 Name of the organization	Gas Networks Ireland
	102-2 Activities, brands, products, and services	Who we are
	102-3 Location of headquarters	Materiality assessment GRI 102 – 3 Our headquarters are based in Gasworks Road, Cork, T12 RX96
	102-4 Location of operations	Who we are
	102-5 Ownership and legal form	Governance structure
	102-6 Markets served	Who we are
	102-7 Scale of the organization	Business model
	102-8 Information on employees and other workers	Who we are
	102-9 Supply chain	Who we are
	102-10 Significant changes to the organization and its supply chain	Who we are
	102-11 Precautionary principle or approach	Risk management Who we are
	102-12 External initiatives	Energy management Government's public sector monitoring and reporting (PSMR) initiative.
	102-13 Membership of associations	GHG emissions management Business in the Community
	Strategy	
	102-14 Statement from senior decision-maker	Managing Directors Introduction
	102-15 Key impacts, risks, and opportunities	Our Sustainability strategy
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behaviour	Strategic framework
	102-17 Mechanisms for advice and concerns about ethics	Our taxation policies Marketplace – Customer Marketplace - Transparency
	Governance	
102-18 Governance structure	Governance structure Sustainability steering committee	
102-19 Delegating authority	Governance structure Sustainability steering committee	
102-20 Executive-level responsibility for economic, environmental, and social topics	Governance structure Sustainability steering committee	
102-21 Consulting stakeholders on economic, environmental, and social topics	Materiality assessment Stakeholder engagement	
Stakeholder engagement		

Global Reporting Initiative (GRI) content list

GRI standard	Disclosure required of GRI	Section where disclosure is provided
	102-40 List of stakeholder groups	Stakeholder engagement
	102-41 Collective bargaining agreements	Workplace - collective bargaining
	102-42 Identifying and selecting stakeholders	Stakeholder engagement
	102-43 Approach to stakeholder engagement	Stakeholder engagement
	102-44 Key topics and concerns raised	Stakeholder engagement
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	Financial review
	102-46 Defining report content and topic Boundaries	Materiality assessment
	102-47 List of material topics	Materiality assessment
	102-48 Restatements of information	Materiality assessment GRI 102 – 48 restatement of information No restatement of the 2019 report was made.
	102-49 Changes in reporting	Materiality assessment GRI 102 – 49 changes in reporting There are no significant changes in the list of material topics and topic boundaries compared to previous reporting periods.
	102-50 Reporting period	Materiality assessment GRI 102 – 50 reporting period The reporting period covered in this report is January 2020 to December 2020.
	102-51 Date of most recent report	Materiality assessment GRI 102 – 51 date of most recent report Our most recent sustainability report covered the 2019 period this report covers our 2020 performance
	102-52 Reporting cycle	Materiality assessment GRI 102 – 52 reporting cycle Our sustainability report is published annually
	102-53 Contact point for questions regarding the report	Materiality assessment GRI 102 – 53 contact point Any queries related to this report can be sent to Anne Moore, Sustainability Manager, sustainability@gasnetworks.ie
	102-54 Claims of reporting in accordance with the GRI Standards	Materiality assessment GRI 102 – 54 GRI reporting This report has been prepared in accordance with GRI standards: core option
	102-55 GRI content index	Materiality assessment
	102-56 External assurance	Materiality assessment GRI 102 – 56 external assurance Our 2020 Sustainability Report has not been externally assured.

GRI standard	Disclosure required of GRI	Section where disclosure is provided
Material topics		
200 series (Economic topics)		
Economic performance		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Economic section Community Education Employability Environment
	103-2 The management approach and its components	Economic section
	103-3 Evaluation of the management approach	Economic section
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Economic impact Local communities
Indirect economic impacts		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Managing Director's introduction, Our Sustainability priorities, Highlights, Investing in our future, Innovation
	103-2 The management approach and its components	Managing Director's introduction, Our Sustainability priorities, Highlights, Investing in our future, Innovation
	103-3 Evaluation of the management approach	Managing Director's introduction, Our Sustainability priorities, Highlights, Investing in our future, Innovation
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	Managing Director's introduction, Our Sustainability priorities, Highlights, Investing in our future, Innovation
	203-2 Significant indirect economic impacts	Economic Economic impact
Tax		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Our taxation policies
	103-2 The management approach and its components	Our taxation policies
	103-3 Evaluation of the management approach	Our taxation policies
GRI 207: Tax 2019	207-1 Approach to tax	Our taxation policies
	207-2 Tax governance, control, and risk management	Our taxation policies
	207-3 Stakeholder engagement and management of concerns related to tax	Relationships with tax authorities

Global Reporting Initiative (GRI) content list

GRI standard	Disclosure required of GRI	Section where disclosure is provided
300 series (Environmental topics)		
Energy		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Climate action, Energy management
	103-2 The management approach and its components	Climate action, Energy management
	103-3 Evaluation of the management approach	Climate action, Energy management
GRI 302: Energy 2016	302-3 Energy intensity	Energy management
	302-4 Reduction of energy consumption	Energy management
Water		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Water reduction and management
	103-2 The management approach and its components	Water reduction and Management
	103-3 Evaluation of the management approach	Water reduction and management
GRI 303: Water and effluents 2018	303-5 Water consumption	Water Reduction and Management
Biodiversity		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Enhancing biodiversity
	103-2 The management approach and its components	Enhancing biodiversity
	103-3 Evaluation of the management approach	Enhancing biodiversity
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	Enhancing biodiversity
Emissions		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	GHG emissions management
	103-2 The management approach and its components	Low carbon pledge
	103-3 Evaluation of the management approach	GHG emissions management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG emissions management
	305-2 Energy indirect (Scope 2) GHG emissions	GHG emissions management
	305-3 Other indirect (Scope 3) GHG emissions	GHG emissions management
	305-4 GHG emissions intensity	GHG emissions management
Effluents and waste		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Waste reduction and waste management
	103-2 The management approach and its components	Waste reduction and waste management
	103-3 Evaluation of the management approach	Waste reduction and waste management
GRI 306: Waste and effluents 2016	306-2 Management of significant waste-related impacts	Waste reduction and waste management

GRI standard	Disclosure required of GRI	Section where disclosure is provided
Environmental compliance		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Environment
	103-2 The management approach and its components	Environment
	103-3 Evaluation of the management approach	Environment
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	Environment
400 series (social topics)		
Employment		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Employability, Workplace
	103-2 The management approach and its components	Employability, Workplace
	103-3 Evaluation of the management approach	Employability, Workplace
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Workplace
Labour/ management relations		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Employability, Workplace
	103-2 The management approach and its components	Employability, Workplace
	103-3 Evaluation of the management approach	Employability, Workplace
GRI 402: Labour/ management relations 2016	402-1 Minimum notice periods regarding operational changes	Workplace
Occupational health and safety		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Workplace - occupational health and safety
	103-2 The management approach and its components	Workplace
	103-3 Evaluation of the management approach	Workplace - occupational health and safety
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Workplace
	403-2 Hazard identification, risk assessment, and incident investigation	Hazard identification, Risk Assessment and Incident Investigation
	403-3 Occupational health services	Workplace
	403-4 Worker participation, consultation, and communication on occupational health and safety	Worker participation, Consultation and Communication
	403-5 Worker training on occupational health and safety	Worker training on Occupational health and safety
	403-6 Promotion of worker health	Workplace
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Principal risks and uncertainties
	403-8 Workers covered by an occupational health and safety management system	Workplace

Global Reporting Initiative (GRI) content list

GRI standard	Disclosure required of GRI	Section where disclosure is provided
Training and education		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Workplace
	103-2 The management approach and its components	Workplace
	103-3 Evaluation of the management approach	Workplace
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Training and education
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance reviews
Diversity and equal opportunity		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Diversity and inclusion
	103-2 The management approach and its components	Diversity and inclusion
	103-3 Evaluation of the management approach	Diversity and inclusion
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and inclusion
Local communities		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Community
	103-2 The management approach and its components	Community
	103-3 Evaluation of the management approach	Community - 2021 key performance indicators
GRI 413: Local communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Operations with significant actual and potential negative impacts on local communities
Customer health and safety		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Customer health and safety
	103-2 The management approach and its components	Customer health and safety
	103-3 Evaluation of the management approach	Customer health and safety
GRI 416: Customer health and safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Downstream gas incidents and non-compliances
Customer privacy		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Data protection and customer privacy
	103-2 The management approach and its components	Data protection and customer privacy
	103-3 Evaluation of the management approach	Data protection and customer privacy
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data protection and customer privacy



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