EirGrid Market Operator Annual Compliance & Assurance Officer Report 2025

Period 1st January 2025 to 31st December 2025

30 June 2026

EirGrid

The Oval, 160 Shelbourne Road, Ballsbridge, Dublin D04 FW28
Telephone: +353 1 677 1700 | www.eirgrid.ie

Contents

1 Background & Scope

1.1 Background

The EirGrid Compliance & Assurance Officer is appointed to independently verify and provide assurance on compliance with specific licence obligations, and to report formally on that compliance to both the EirGrid Board and the Commission for Regulation of Utilities (CRU).

Condition 9(3) of EirGrid's Market Operator Licence (the Licence) requires the licensee to report to the Commission annually, specifying the measures taken and the level of compliance achieved to ensure that discriminatory conduct by it or its employees is prevented. The following Conditions are also included within this annual report:

- 12 Restriction on the Use of Certain Information.
- 14 Prohibition of Subsidies and Cross-Subsidies; and
- 17 Code of Conduct.

The Compliance & Assurance Officer is the Compliance Programme Manager responsible for the development, implementation and management of the Compliance Programme for EirGrid. The Compliance & Assurance Officer is responsible for scheduling compliance activities through an annual Compliance Coverage and Monitoring Plan and reporting the outcome of these activities to the EirGrid Board via the Audit & Risk Committee. The Compliance & Assurance Officer's independence is supported by its position within the Governance, Risk & Compliance team in the Chief Governance Office.

1.2 Objectives & Scope

The objectives of this review are to provide assurance over compliance with the following Conditions of the EirGrid Market Operator Licence in the reporting period 1st January 2025 to 31st December 2025, specifically:

- Compliance with Condition 9 – Duty of Non-Discrimination.
- Compliance with Condition 12 – Restriction on the Use of Certain Information.
- Compliance with Condition 14 – Prohibition of Subsidies and Cross-Subsidies; and
- Compliance with Condition 17 – Code of Conduct.

2 Detailed Observations

2.1 Condition 9 – Duty of Non-Discrimination

Condition 9

1. In respect of the Market Operation Activity and the NEMO Activity, the Licensee shall not discriminate unduly between persons or classes of persons, or between system users or classes of system users, particularly in favour of its subsidiaries, associated or affiliated undertakings, joint ventures or shareholders.
2. The Licensee shall establish a compliance programme on the measures taken to ensure that discriminatory conduct by it or its employees is prevented, which shall include specific obligations imposed on its employees to prevent discrimination.
3. The Licensee shall report to the Commission at intervals of not more than one year, in such form as the Commission determines, specifying the measures taken and the level of compliance in relation to paragraph 2. The report shall be published by the Licensee in such manner as shall be determined by the Commission.

EirGrid has a number of reporting and monitoring obligations under EU regulations. These obligations are intended to increase the integrity and transparency of wholesale energy markets, supporting open and fair competition and benefiting final consumers of energy.

In respect of EirGrid's duty of non-discrimination within the SEM, independent audits of the Trading and Settlement Code are performed annually and reported to the Regulatory Authorities.

The Compliance & Assurance Officer maintains an Annual Compliance Monitoring Plan, which continually assesses whether the compliance framework operates as intended. This includes a review of licence obligations to keep commercial information confidential and to ensure that EirGrid does not discriminate unfairly or unduly in operating its business. An element of this framework is ensuring that the above reporting requirements are met, which has been the case during this reporting period.

The Compliance & Assurance Officer confirms that, to the best of her knowledge, she is not aware of, nor has she been advised of, any incident or occasion where EirGrid has been accused of, or found to have acted in, an unduly discriminatory manner.

2.2 Condition 12 – Restriction on Use of Certain Information

Condition 12

1. The Licensee shall preserve the confidentiality of commercially sensitive information held and/or obtained by it in carrying on the SMO & NEMO Business.
2. The Licensee shall prevent information about its own activities which may be commercially advantageous being disclosed in a discriminatory manner.
3. The Licensee shall implement such measures and procedures and take all such other steps as it shall reasonably consider and/or shall be specified in directions issued by the Commission from time to time to be necessary for the purpose of securing compliance by the Licensee with its obligations under paragraph 1.
4. The Licensee shall ensure that confidential information is only disclosed to authorised recipients, classes of authorised recipients or authorised advisers.
5. Paragraphs 1, 2 and 4 shall not apply to: (a) any confidential information which, before or after it is furnished to the Licensee's employees, is in the public domain; or (b) the disclosure of any confidential information: (i) in compliance with the duties of the Licensee under the Act, the Single Market Regulations or any other requirement of a competent authority; or (ii) in compliance with the Conditions granted in this Licence or any document referred to in this Licence with which the Licensee is required by virtue of the Act, the Single Market Regulations or this Licence to comply; or (iii) in compliance with any other requirement of law; or (iv) pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction; or (v)

necessary in order to enable the Licensee and Northern Ireland Market Operator Licensee to carry on the SMO & NEMO Business; or (c) any confidential information to the extent that the Licensee is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the Grid Code, the Distribution Code, the Metering Code and the Single Electricity Market Trading and Settlement Code) with the relevant person to whose affairs such confidential information relates.

6. Without prejudice to the other provisions of this Condition, the Licensee shall procure that any additional copies made of the confidential information, whether in hard copy or computerised form, will clearly identify the confidential information as confidential.
7. The Licensee shall take all reasonable measures to prevent (so far as the Licensee can so require) any person who is or ceases to be employed by the Licensee, whether that person is or was employed part time or full time in the Market Operation Activity and / or in the NEMO Activity, from disclosing confidential information.
8. The Licensee shall take all reasonable steps to ensure that every authorised adviser, consultant, director or member of staff to whom the Licensee discloses confidential information does not: (a) use that confidential information for any purpose other than that for which it was provided; and (b) disclose that confidential information otherwise than in accordance with the provisions of this Condition, such authorised adviser, consultant, director or member of staff of the Licensee having first been duly authorised by the Licensee to disclose the confidential information.
9. This Condition is without prejudice to the duties at law of the Licensee towards outside persons.

General

SEMOpx, the contractual joint venture between SONI Ltd and EirGrid plc, provides NEMO services to both Northern Ireland and Ireland using common systems, processes and resources. The trading systems are operated by EPEX Spot for the SEMOpx day-ahead, intraday auction and intraday continuous markets, and EPEX Spot performs the European market coupling functions on behalf of SEMOpx. European Commodity Clearing (ECC) provides clearing and settlement services for SEMOpx. Specific secure data transfer arrangements, including interface security, are in place.

A range of policies are in place within EirGrid to protect confidential information, namely:

- **Acceptable Use Policy**

  The Acceptable Use Policy is mandatory for all employees, business partners and contractors. It sets out how users must use organisational systems and data responsibly, limits use primarily to authorised business purposes, prohibits inappropriate or unlawful activity, and makes clear that usage may be monitored to protect security and compliance. It also requires all users to complete mandatory training and adhere to defined security practices and behaviours.

  The Compliance & Assurance Officer can confirm that she has obtained assurances that all employees of the licensee received mandatory training in relation to Information Security during the reporting period.

- **Codes of Conduct**

  The Directors' Code of Conduct establishes a set of ethical principles underpinning Directors' conduct, promotes and maintains confidence and trust in EirGrid, prevents the development, continuation or acceptance of unethical practices, and provides a frame of reference for decision-making. The Directors' Code of Conduct applies to all directors of EirGrid plc, all directors of subsidiary companies of EirGrid plc, and all EirGrid-appointed directors of joint venture entities.

  The Compliance & Assurance Officer confirms that the Directors' Code of Conduct was reviewed and approved by the EirGrid plc Board in May 2025 and communicated to all staff. The 2025 Code does not materially change the core ethical principles or expected behaviours set out in the 2024 Code, but enhances governance rigour through a clearer structure, stronger treatment of conflicts, confidentiality and post-tenure obligations, and explicit alignment with statutory ethics requirements.

The Employee Code of Conduct forms part of the terms of employment of all employees. The general principles underlying the code, which applies to all employees of the EirGrid Group, irrespective of level or location, are integrity, loyalty, legal & regulatory compliance, confidentiality, and fairness.

The Compliance & Assurance Officer confirms that the Employee Code of Conduct was reviewed and approved by the EirGrid plc Board in May 2024 and subsequently approved by the CRU in July 2025. The decision was taken to continue with the current Employee Code of Conduct approved by the CRU in July 2025. While a further review is not required in the near term, EirGrid may revisit the Code later in the year to reflect any changes arising from the revised organisational strategy and values. The review frequency is also intended to be discussed as part of the next review cycle.

- **Anti-Bribery & Corruption**

The Anti-Bribery & Corruption Policy sets out EirGrid's position on bribery and corruption, including modern slavery and human trafficking, and provides guidance on recognising bribery and corruption in their various forms. It is EirGrid's policy to conduct all business in an honest and ethical manner. EirGrid takes a zero-tolerance approach to bribery and corruption, including modern slavery and human trafficking, and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever EirGrid operates, and to implementing and enforcing systems to counter bribery and corruption.

The Compliance & Assurance Officer can confirm that the Anti-Bribery & Corruption Policy was last reviewed and approved by the EirGrid plc Board in April 2024 and communicated to all employees.

In March 2026, the Anti-Bribery and Corruption Policy and the Fraud Policy were consolidated into a single Financial Crime Policy, bringing together all relevant requirements into one unified standard.

- **Protected Disclosures**

The Protected Disclosures Policy documents EirGrid's commitment to conducting its business to the highest standards of integrity, fairness and honesty, and in compliance with statutory and regulatory obligations. It addresses the requirements set out in the Protected Disclosures (Amendment) Act 2022.

The Compliance & Assurance Officer can confirm that the Protected Disclosures Policy was reviewed and approved by the EirGrid plc Board in March 2025 and communicated to all employees.

The Policy sets out EirGrid's commitment to conducting its activities with integrity, transparency and accountability, and to promoting consistent and ethical business practices across all areas of its operations.

- **Fraud**

The Fraud Policy documents the Group's zero-tolerance commitment to fraudulent or attempted fraudulent activity, in line with its core values of being transparent, collaborative, accountable and ambitious. It sets out the Group's commitment to investigating all frauds that are discovered or suspected, and to taking appropriate action against all parties involved in, or assisting with, fraudulent activity.

The Compliance & Assurance Officer confirms that the Fraud Policy was last reviewed and approved by the EirGrid plc Board in March 2024 and communicated to all employees. It was subsequently integrated into the Financial Crime Policy.

- **Records and Information Management Policy**

  The Records and Information Management Policy provides a structured framework for managing records throughout their lifecycle, ensuring that they are secure, accessible and appropriately retained or disposed of.

  It supports compliance with GDPR, FOI, AIE and licence obligations while assigning clear responsibilities for information governance across the organisation.

  The Compliance & Assurance Officer confirms that the Records and Information Management Policy was reviewed and approved by the EirGrid plc Board in February 2025 and communicated to all employees.

- **Artificial Intelligence (AI) Policy**

  EirGrid's AI Policy enables the responsible use of AI technologies to support innovation and operational efficiency, while ensuring compliance with the EU AI Act and data protection requirements.

  It is supported by a formal governance framework and principles such as transparency, accountability, data protection and human oversight, to manage risks and ensure ethical use.

  The Compliance & Assurance Officer can confirm that the AI Policy was reviewed and approved by the EirGrid plc Board in June 2025 and communicated to all employees.

In addition, each employee who signs a contract of employment that includes a confidentiality clause must sign a confidentiality agreement as part of their contract of employment.

The Compliance & Assurance Officer confirms that, to the best of her knowledge, there are no compliance issues in relation to the use of information or the preservation of the confidentiality of commercially sensitive information held or obtained in the discharge of EirGrid's functions as Market Operator licensee.

Restrictions Regarding Personnel & Advisers

A staff movements protocol is in operation which applies to all staff movements into or out of the EIDAC business operations to ensure that the above licence condition is met in the context of managing conflicts of interest.

Specifically, prior to the appointment of any EIDAC resource (recruitment process, internal transfer or agency staff selection) the Compliance & Assurance Officer shall determine if Condition 12 has been satisfactorily met.

To facilitate the decision-making process, the Compliance & Assurance Officer shall be furnished with:

- CV of proposed candidate.
- Role profile of relevant EIDAC post; and
- Role profile of relevant MO post.

If required, the Compliance & Assurance Officer may also request the attendance of the relevant EIDAC or MO recruiting manager.

The Compliance & Assurance Officer will seek to determine:

i. Could the transfer result in an unfair commercial advantage, or be perceived as resulting in an unfair commercial advantage, to either or both businesses?

ii. Does the transfer involve a member of staff who has been involved in the establishment or operation of the Capacity Market?

If the Compliance & Assurance Officer determines that the response to both the above questions is "no", then Condition 12 has been met, and HR shall be notified to progress the recruitment/transfer.

If the Compliance & Assurance Officer determines that the response to either of the above questions is "yes", then Condition 12 has not been met, and two options shall be offered:

Option 1 – the recruitment/transfer of the proposed resource is cancelled; and

Option 2 – in line with Condition 12, Group Regulation notifies the Regulatory Authorities of the proposed recruitment or transfer and provides details of the steps or mitigations being taken to ensure that no unfair commercial advantage accrues or, in the case of Capacity Market involvement, requests a determination of an appropriate cooling-off period.

The purpose of the protocol is to ensure an independent assessment of licence compliance in relation to Condition 12, following a decision by the business. If the Compliance & Assurance Officer considers that the business decision would result in a breach of Condition 12, she shall recommend that the transfer does not proceed. If the business disputes the Compliance & Assurance Officer's recommendation, the issue shall be escalated to the EirGrid CEO.

The Compliance & Assurance Officer can confirm that during the reporting period, no such transfers occurred.

2.3 Condition 14 – Prohibition of Subsidies and Cross-Subsidies

Condition 14

1. The Licensee shall procure that neither the Market Operation Activity nor the NEMO Activity shall give any subsidy or cross-subsidy (direct or indirect) to any Separate Business of the Licensee and/or any affiliate or related undertaking of the Licensee nor shall there be any subsidy or cross-subsidy (direct or indirect) given between the Market Operation Activity and the NEMO Activity.
2. For the purposes of this Condition, the Commission shall determine whether or not subsidisation or cross-subsidisation is taking place. Where the Commission determines that a subsidy or cross-subsidy is taking place, the Commission may issue a direction to that effect and require the cessation of same.
3. Nothing which the Licensee is obliged or permitted to do or not do pursuant to this Licence shall be regarded as a subsidy or cross-subsidy for the purposes of this Condition.

EirGrid plc is structured on a group basis and comprises a number of business units operating under different licensing arrangements. To ensure that costs are appropriately incurred by each licence and business unit, EirGrid allocates costs to the relevant business units and licences on a monthly basis.

The methodology for the reallocation of costs is set out in the Cost Allocation & Recharge Policy, which was established in April 2014 and is reviewed regularly. The policy identifies the following overarching principles, which apply to initial cost allocation:

1. Where costs are clearly incurred on a licensee basis, they are charged directly as such.
2. Where costs are incurred in providing for more than one licensee, cost allocation arrangements apply, as detailed in the policy; and
3. Market Operator costs are split 75:25 EirGrid MO: SONI MO, as per Specified Proportions in the Market Operator Agreement.

Internal Audit periodically assesses the application of the corporate recharging policy operating within the Group, as documented in the Implementation of Cost Allocation & Recharge Policy. Substantive testing is performed on a sample of recharges across the seven categories identified in the policy, as set out below:

Corporate Centre;
Facilities Management;
Executive Directors;
Management;
Staff;
Specific Items; and
East West Interconnector (EWIC).

The most recent Internal Audit of the Application of Corporate Recharging Policy applied an overall report rating of **SATISFACTORY**.

The Compliance & Assurance Officer confirms that, based on the application of the Corporate Recharge Policy and the results of Internal Audit testing, no evidence of cross-subsidy has been identified. Controls are in place to ensure appropriate cost allocation and segregation of activities. Notwithstanding this, the risk of perceived cross-subsidisation is acknowledged, and enhancements to transparency and documentation have been considered to further strengthen assurance in this area.

The Compliance & Assurance Officer confirms that the systems and processes embedded within EirGrid operated consistently with the prior year and were compliant with Condition 14.

2.4 Condition 17 – Code of Conduct

Condition 17

1. The Licensee shall prepare a code of conduct, for approval by the Commission, which shall apply to every director and to every person employed by the Licensee under a contract of employment.
2. The code of conduct shall be consistent with this Licence and, in particular, the requirements in relation to preserving the confidentiality of confidential information.
3. The Licensee shall ensure that the code of conduct be included as part of every contract of employment with the Licensee.
4. In this Condition: "confidential information" has the meaning as defined in Condition 12.

S.I. No. 445/2000 - European Communities (Internal Market in Electricity) Regulations, 2000, requires the following:

> *"(1) EirGrid shall prepare a code of conduct, for approval by the Commission, which shall apply to every director of EirGrid and to every person employed by EirGrid under a contract of employment.*
>
> *(2) The code of conduct shall be consistent with these Regulations, in particular, with the requirements in relation to preserving the confidentiality of commercially sensitive information.*
>
> *(3) The code of conduct shall be included as part of every contract of employment with EirGrid."*

The Directors' Code of Conduct establishes a set of ethical principles underpinning Directors' conduct, promotes and maintains confidence and trust in EirGrid, prevents the development, continuation or acceptance of unethical practices, and provides a frame of reference for decision-making. The Directors' Code of Conduct applies to all directors of EirGrid plc, all directors of subsidiary companies of EirGrid plc, and all EirGrid-appointed directors of joint venture entities.

The Compliance & Assurance Officer confirms that the Directors' Code of Conduct was reviewed and approved by the EirGrid plc Board in May 2025 and communicated to all staff. The 2025 Code does not materially change the core ethical principles or expected behaviours set out in the 2024 Code, but enhances governance rigour through a clearer structure, stronger treatment of conflicts, confidentiality and post-tenure obligations, and explicit alignment with statutory ethics requirements.

The Employee Code of Conduct forms part of the terms of employment of all employees. The general principles underlying the code, which applies to all employees of the EirGrid Group, irrespective of level or location, are integrity, loyalty, legal & regulatory compliance, confidentiality, and fairness.

The Compliance & Assurance Officer confirms that the Employee Code of Conduct was reviewed and approved by the EirGrid plc Board in May 2024 and subsequently approved by the CRU in July 2025.

2.5 Additional Assurance Related Activities

The Internal Control Framework in operation within the business is subject to an annual review of effectiveness by the Head of Governance, Risk & Compliance.

The scope of the internal control framework operating within EirGrid comprises, but is not limited to:

- Governance framework.
- Internal Audit activity.
- External Audit activity; and
- Group Risk Management Framework.

Internal Audit Assurance

An Annual Internal Audit Plan is developed to ensure that maximum value is derived from the assurance process and that each individual engagement links directly to the strategic objectives and key risks facing the Group and its entities. The Head of Internal Audit reported on all issues arising from engagements to each Audit & Risk Committee and provided a summary of key issues through the quarterly progress reporting process. Each individual internal audit report was uploaded to the Diligent Boards platform Resource Centre, enabling visibility for all Board members throughout the year.

External Audit Assurance

External Audit assurance relates specifically to the annual report and financial statements of EirGrid plc. During the 2024/2025 financial year, External Audit attended all Audit & Risk Committee meetings and provided updates on key matters as follows:

- 2024/2025 Audit Plan.
- Update on key financial regulations; and
- Audited financial statements for 2024/2025.

Enterprise Risk Management Framework

The Enterprise Risk Management Framework has been developed to ensure that risks are identified, assessed and managed effectively and in line with risk appetite. Effective risk reporting throughout the Group is a fundamental element of the Risk Management Framework. The Framework specifies high-level minimum requirements and processes for risk management across all risk types. These requirements are implemented through the risk policies and procedures that govern the management of individual risk types and risk management processes.