

# **CEGH CODE OF CONDUCT**





## CEGH CODE OF CONDUCT

**Objective:** To establish values and related rules of conduct for Central European Gas Hub AG; to specify certain regulatory oversight with respect to its business.

**Target Group:** Management and staff of CEGH.

**Scope:** Activities / entities in which CEGH exercises a controlling interest.

Central European Gas Hub AG is a joint stock corporation duly established and validly existing under the laws of Austria with its corporate seat in Vienna, Austria and its business address at Floridotower, Florisdorfer Hauptstraße 1, A-1210 Vienna, registered with the commercial register of the Commercial Court Vienna under FN 203485v (hereinafter referred to as "**CEGH**" or "**we**").

CEGH has a business line that provides commercial gas hub services (i.e. operation of the Virtual Trading Point ("VTP") for the Austrian Market Area East). CEGH was appointed as the Operator of the Virtual Trading Point ("VTP Operator") in 2012, which was acknowledged by Energie-Control Austria. Another line of business provides gas exchange related services in cooperation with European Energy Exchange AG ("EEX"), a company of the Deutsche Börse Group, with clearing by European Commodity Clearing AG. CEGH and EEX are shareholders of the EEX CEGH Gas Exchange Services GmbH, which has its seat at CEGH and is the joint venture company for the purpose of the exchange cooperation between CEGH and EEX.

CEGH is in its capacity as VTP Operator and as cooperation partner of EEX subject to specific legislation, regulatory requirements and oversight, including non-restriction rules on competition and non-discriminatory behaviour. All VTP related services of CEGH are performed according to the general terms and conditions of CEGH, which are approved by Energie-Control Austria and are published on the website of CEGH. CEGH and EEX are cooperating to offer and further develop energy exchange services in Austria and Central Eastern Europe. CEGH is an ISO 9001 certified company.

In order to continuously foster trade and increase liquidity in gas markets, CEGH attaches particular importance to maintaining confidence in the integrity of its operations as well as transparency in all customer-related matters. CEGH is committed to (i) provision of services in a fair and orderly manner, (ii) supporting a business climate of symmetric information provision among all market participants, and (iii) observing and respecting internationally recognized ethical principles at all times, enhancing confidence in the functioning of the market. These principles are an expression of CEGH's understanding of sustainability and responsibility in all of its decision making processes and in all of its activities.



Beyond adherence to current legal obligations, CEGH recognizes and fosters regulatory oversight by the Austrian national regulatory authority, Energie-Control Austria.

To this end, CEGH (“we”) has laid down the basic principles that shall govern all of its actions in this Code of Conduct:

## **A. RULE OF LAW, HUMAN RIGHTS**

We respect all applicable laws and regulations, abide by them, conduct our business with integrity, and show respect for human dignity and the rights of the individual.

We respect, fulfil and support the fulfilment of the following human rights principles: (i) no harm to people; (ii) avoid and not to accept child labour or forced labour in conducting these operations hereunder, (iii) respect and fulfil equality at work; (iv) fulfil and support the right of property (encompassing adequate measures of reparation such as full compensation); (v) take responsibility to minimize adverse effects and to develop adequate mitigation, reparation and compensation plans in order to respect and to support fulfilment of minorities and indigenous people rights affected by our activities; and (vi) our conduct in all sphere of activities is also guided by the rights to association and collective bargaining, adequate remuneration, procedural rights and effective remedy, work and social security and freedom of expression and assembly.

## **B. SUSTAINABILITY, HSSE**

We adhere to the principle of sustainable development through the way we operate and conduct our business and long-term strategy. We maximise socio-economic benefits and minimise adverse impacts. We protect the environment and use resources efficiently to provide our products and services. We develop products and services in line with this commitment.

Our HSSE-SD performance is based on best practices in our industry and has been evaluated in our ISO 9001 certification. We manage HSSE\* & SD\*\* activities as a critical business activity and consider them in all of our current and future decisions.

\*HSSE= Health, Safety, Security, Environment

\*\*SD=Sustainable development

### **C. BUSINESS ETHICS AND STAKEHOLDER RELATIONSHIP**

Representatives and members of our staff must act fairly, with integrity and in accordance with the highest ethical standards. We are aware of the importance of good relations with our stakeholders, and we maintain these contacts with care. This care includes awareness of the fact that gifts, donations and invitations, whether given or received, can be misunderstood. For this reason, we handle all such situations in a transparent and accountable manner.

We do not tolerate bribery or corrupt business practices in any form. When we conclude agreements with our contractors, suppliers and consultants, we take reasonable measures to ensure that compliance with this ethical code of conduct is not endangered.

#### **D. PARTNERS, SUPPLIERS AND CONTRACTORS**

We work in close cooperation with our partners, contractors and suppliers and recognise the mutual benefits to be derived from durable relationships and reasonable terms and conditions. Even in the light of all that advantages obtainable from long-term connections with suppliers, we avoid any practices and agreements, which might be construed as restricting fair competition. We attach special importance to the sustainability of our supply chain.

While we believe in using all appropriate and legitimate means to further the best interests of our businesses and to achieve our high levels of product and service quality, we are committed to irreproachable integrity in all our business relations.

We undertake to demonstrably accept commissions and payments to third parties to legitimate business expenses only, linked to the services rendered and to account for them openly.

We only enter into partnerships with partners, suppliers and contractors who subscribe to our values. We use our collaboration with partners, suppliers and contractors to embed key human rights in their business practices and to increase their awareness of ethical standards.



## **E. CUSTOMERS AND CUSTOMERS' INTERESTS (INCL. HANDLING OF COMPLAINTS)**

We proactively foster cooperation with our customers, are constantly oriented towards market demand and contribute to excellent and enduring relationships with our customers through the creation of up-to-date products, quality of service and application of our specific know how.

We will closely and transparently involve our customers by collecting their feedback in frequent Customer Feedback Sessions for VTP services and the EEX CEGH GAS Exchange Product / Service offering. Such Customer Feedback Sessions shall be held regularly as required by specific customer demand, but at least once a year, and shall be open to all registered hub customers, representatives of EFET and Energie-Control Austria. We strive to consult any new service or changes to existing services via these Customer Feedback Sessions. These sessions shall result in recommendations for the enhancement of existing products and for the development of new products, which can be trading products or other hub services. Once a year, potential new customers shall have the opportunity to participate in Customer Feedback Sessions in order to discuss their needs and preconditions for becoming active customers.

We will take measures to recognize and prevent any adverse effects of conflicts of interest between CEGH and its shareholders regarding the smooth functioning of the VTP operation in particular, if such conflicts of interest could hinder the fulfilment of the tasks assigned to CEGH as the VTP Operator.

We will take appropriate precautions and install appropriate systems to identify all major operational risks regarding the VTP operation and take effective measures to limit these risks. We will take precautions for the sound management of the technical workflows of the system, including effective emergency measures in the event of a system failure, and we will take effective measures to facilitate the smooth and timely conclusion of transactions nominated to our systems.

In compliance with our ISO 9001 certification, we will ensure that each complaint involving a nomination is duly investigated intending to settle it amicably with the complaining party.



## F. REGULATORY COMPLIANCE

For operating the VTP and regarding our cooperation with EEX, compliance with the applicable regulatory framework and the contractually specified operating procedures is crucial. We shall observe the highest standards of integrity and fair dealing. In this respect, our management will at all times use best efforts in creating and maintaining full legal compliance as well as an atmosphere of trust and ethical behaviour.

In this respect, we are cooperating with Energie-Control Austria. We proactively support an involvement and contribution by the following means (irrespective of whether these means are or are not stipulated by law):

- Within the statutory responsibility of Energie-Control Austria, we shall timely respond to all reasonable information requests;
- we shall notify any changes in the contractual framework of CEGH's operations or changes in our information policy as laid down in Section G below;
- we shall invite Energie-Control Austria to our Customer Feedback Sessions (see Section E above), which shall enable the regulator to monitor and comment the recommended VTP product developments from a legal perspective; in case of reasonable market demand, Energie-Control Austria shall be entitled to request an implementation of services in a transparent and open process, provided that such services are supported by an appropriate legal framework, the operational environment of CEGH and international standards of Easee Gas, the Agency for the Cooperation of Energy Regulators (ACER) and the European Network of Transmission System Operators for Gas (ENTSOG); and
- We shall consult with Energie-Control Austria on the establishment and further development of a compliance programme for a further practical implementation of the principles laid down in this Code of Conduct.

We are subject to the statutory inspection rights of Energie-Control Austria pursuant to the Austrian Gas Market Law.

Beyond this regulatory oversight, we are making positive contributions to the establishment of national and international norms in collaboration with national and international regulatory bodies, reputable organisations and other interest groups. Our approach to the development of laws and norms is proactive, with particular emphasis on participation in pre-legislative consultation.

## G. INFORMATION, CONFIDENTIALITY

In the interest of our customers, we undertake to evaluate the risks associated with our products and services on the basis of the latest market developments. We shall proactively communicate the results of such evaluation to our customers (ensuring that all customers obtain the same level of information), along with appropriate instructions for usage of the offered products and services. Such information provided on our products and services shall be clear, precise and up to date. All such information shall be subject to the then effective contractual framework and be based on an efficient tariff scheme. Above all, we shall provide all such information in a non-discriminatory way.

As any event of 'force majeure (act of god)' may require, we shall inform our customers on an ad-hoc basis about any price-affecting incidents that may occur along the value chain. In this respect, we warrant transparency and equal treatment of our customers and will avoid any information asymmetries.

We are subject to certain regulatory notification requirements under the Austrian Gas Act, as well as regulations based on these act. With the aim to enhance market transparency, we are furthermore publishing monthly market data, which are accessible via our website <http://www.cegh.at> in the relevant sub-sections. These publications shall consist of the following monthly statistical content (i) net traded volumes, (ii) physical volumes at the VTP and (iii) churn rate on a daily and monthly basis. The content of these publications shall be subject to evaluation within our Customer Feedback Sessions. These publications shall fully respect intellectual property, customer privacy, data protection and other rights to a confidential treatment of data.

Strict confidentiality is essential for the preservation of a reputable marketplace. We therefore attach particular importance to the proper handling of confidential information, in particular customer information, and all information arising out of the bilateral trading relations. We shall not use any confidential data, in particular customer information, for any other purpose than its intended purpose. We will not disclose any trading information to third parties, including stakeholders and shareholders of CEGH, in such manner that it can be directly related to one of our customers, unless either explicitly agreed otherwise by virtue of our contractual relationship with customers or with prior individual consent of such customer or required by the law of any relevant jurisdiction or by any regulatory or governmental body.

We constantly take precautions on the highest level of confidentiality concerning the treatment of confidential data. Furthermore, we take precautions to prevent any kind of abuse of information or any kind of insider trading. We endeavour to guarantee all of our customers' equal treatment and to prevent insiders from taking advantage of information that is not available to other customers. We shall ensure this confidentiality by (without limitation) the following measures established in our internal data management:

- confidentiality agreements executed between CEGH and each employee, agent, representative or contractor – to the extent that such persons have access to confidential information of CEGH; with respect to third party contractors, statutory



confidentiality obligations may substitute such confidentiality agreements, provided that they meet CEGH's confidentiality standard; and

- state-of-the-art technology restricting access to confidential information of CEGH to authorized persons, as well as monitoring/controlling access to such confidential information; limit access to confidential information of CEGH to persons requiring access to such data for the performance of their duties with respect to CEGH;

Confidentiality requirements in all our business relations and for all projects, in which insider information may arise, ensure that such information is not misused.

Breaches of confidentiality may be subject to (criminal) liability pursuant to the Austrian Gas Act.

## H. PROVISION OF SERVICES

We attach particular importance to the provision of high quality services in a non-discriminatory way. In particular, all our customers shall have equal access to CEGH services under the contractual framework published on our website under <http://www.gashub.at>.

We facilitate the gas market and gas trading by offering currently the following services as hub operator:

- a) title transfer services:
  - trade nomination service;
  - reporting service;
- b) CEGH Multi Trading System (CMT);
- c) online bulletin board services & platforms (on demand);
- d) gas release programmes (on demand).

With respect to such services listed above, we shall act independently in terms of our operations and our decision-making authority. In particular, we shall ensure independence of VTP services from gas exchange services by the following criteria:

- Persons responsible for OTC trading shall not be directly or indirectly responsible for the gas exchange operations, subject to the rules of the CEGH Compliance Code.
- We shall ensure that our employees are independent and free of personal interest in taking action.
- We are subject to a Compliance Code specifying certain measures to be taken in order to prevent the misuse of insider information, ensure non-discrimination of all our customers, limit the dissemination of information within our company, provide for organizational measures in order to prevent misuse of information, and provide for a prohibition of certain business of our employees.

During the provision of services, we guarantee all of our customers an equal and non-discriminatory treatment.

Our general terms and conditions shall not be discriminatory and shall not contain any abusive practices or unjustified restrictions nor jeopardise competition. They shall, in particular, be formulated:

- a) to assign the mutual obligations in a balanced and causative manner;
- b) to contain regulations on the allocation of costs based on causation;

- c) to be clear and logical; and
- d) to contain definitions of terms which are consistent with existing law and international standards of Easee Gas, ACER, ENTSOG, and the operational environment and capabilities of the respective TSOs.

## **I. COMMUNICATION**

We believe in open communication within and outside of our organisation. In our external communication, we place great value on close and constructive cooperation with media representatives and on seeing to it that their individual information requirements are satisfied with timely information adapted to their needs.

## J. MANAGEMENT

We disclose the responsibilities and competencies of our representatives and boards.

\*\*\*

This **Code of Conduct** is an expression of our values. As such, it is a central document that governs all our actions and is a binding corporate directive.