

National Energy System Operator
Data Classification: Publicly Available
Data Criticality: Core

NESO/Procurement – P0041 – Second Edition (Version 3) – 26 January 2026
Policy Document: Code of Ethics: Relationship with Third Parties

NESO (National Energy System Operator) Supplier Code of Conduct

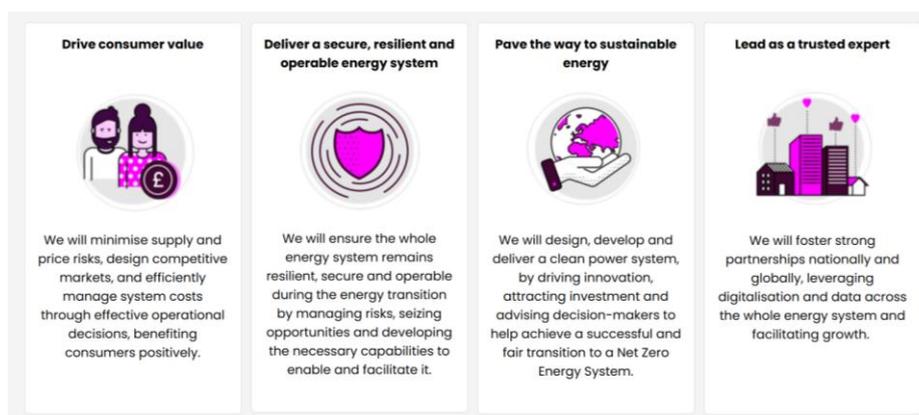
Our Vision: ‘A future where everyone has access to reliable, clean and affordable energy; our work will be a catalyst for change across the global community.’

Our Purpose: Forging the path to a sustainable future for everyone.

Our Values: Together we share the same values, which enable us to achieve our strategic goals. Our values are ‘how’ we go about everything that we do. They ensure that we drive action, learn, be inclusive and build strong relationships. They define who we are as a company and how we are seen by others. They make us strive to improve.



Our Four Strategic Goals: for 2026–31 capture NESO’s responsibilities to balance the interconnected challenges of energy costs, security and sustainability, whilst building trust with customers, stakeholders and consumers.



Foreword

Welcome to the second edition of the NESO Supplier Code of Conduct, first launched in October 2024. As a government owned organisation, operating independently from both government and industry interests NESO is committed to planning energy requirements, strengthening energy security, transitioning to net zero, and ensuring affordable household bills. This updated Code outlines the standards expected from suppliers delivering goods, services, or works to NESO, in compliance with UK regulations.

The Code is intended for all involved in the supply chain, including suppliers, consortium members, subcontractors, and associated persons. It emphasises the importance of integrity, ethical behaviour, transparency, and respect for all stakeholders.

This Code of Conduct reflects our shared commitment to ethical conduct and responsible business practices. It is designed for Supplier Executives, compliance leads, bid teams, contract managers, and anyone delivering services on our contracts. Each section summarises legal requirements and expected procedures.

We seek suppliers who value openness, transparency, ethical behaviour, fair dealing, and quality delivery. Working with NESO should enhance suppliers' reputations. It is crucial to maintain public confidence and protect NESO's reputation by avoiding actions that could diminish trust. This Code does not limit suppliers' legal obligations or their duty to whistleblow or fairly criticise NESO or its policies.

Your commitment to ethical business practices aligns with our core values and is essential for maintaining strong, sustainable partnerships that deliver public value. Together, we can foster a business environment built on trust, respect, and ethical behaviour.

Best regards,

Dheeraj Choudhary

Head of Procurement & Property



Compliance

NESO requires suppliers to comply with all applicable legislation, including any updates after this Supplier Code of Conduct ('Code') is published.

The Code outlines expected conduct between NESO and its suppliers. It complements existing contracts, procurement documents, and terms, which always take precedence. The Code does not override regulatory bodies, court decisions or legal authorities.

Suppliers, including subcontractors, must adhere to the Code and ensure their entire supply chain (employees, agencies, intermediaries, associates, or third parties) also complies.

Suppliers should have an escalation procedure to inform appropriate bodies of any breach and investigation thereof and must keep NESO notified.

In the event of any potential breach, both parties should be open and transparent with each other and report instances of non-compliance. In these circumstances, the first step is for NESO to discuss and, where appropriate, agree a remedial plan with deadlines, exercise audit rights, require independent assurance and/or terminate and/or refer matters to regulators or law enforcement. Serious misconduct may result in exclusion from future tenders and placement on the disbarment list, in accordance with the Procurement Act 2023.

Both NESO and suppliers should maintain transparency and promptly report any non-compliance, whether proven, under investigation, or on appeal. Initial steps involve discussion and, if necessary, agreeing on corrective actions. Unresolved issues may be escalated to NESO's Procurement Team.



SECTION ONE

Regulatory and Legislative Framework

At NESO, we are committed to providing a safe, transparent, and progressive work environment, aligning our ways of working with the legislative framework and supporting laws that protect our people, data, suppliers, and members of the public.

Professional Behaviour

We will work constructively, progressively, and collaboratively with our suppliers and supply chain. We expect suppliers to be prepared to invest in their relationship with NESO and to establish trust with our staff and with other suppliers involved in delivering our business.

We expect suppliers to speak out, without fear of consequences, when NESO employees or other suppliers fail to uphold the values embedded in our Code of Conduct or this Supplier Code of Conduct, or when a project or service is unlikely to succeed due to our behaviours or poor governance. We expect the same behaviour when a contract is no longer fit for purpose, for example, in its contractual stipulations, obligations and/or measures.

International Sanctions and Sanctions Compliance

UK sanctions restrict dealings with listed persons, sectors, countries, goods, services, and payments. Breaches risk civil penalties and criminal offences. NESO has a zero-tolerance approach to breaches of sanctions legislation. Suppliers and their affiliates must comply with all applicable laws, rules or regulations relating to international trade controls and sanctions that apply to their operations and that apply to NESO, its affiliates, and subsidiaries, and have procedures in place to prevent, detect and respond to activities that may cause or contribute to a violation.

To comply with UK law, Suppliers should have in place procedures to screen suppliers and beneficial owners before onboarding and periodically thereafter to verify ownership and control structures (and assess the need for OFSI licenses) and to maintain complete records of all the above. Suppliers should have escalation procedures for reporting potential breaches and a Senior Responsible Officer for this oversight activity. Should you identify a breach or potential breach of the above-noted laws, rules, or regulations, you must notify NESO immediately.

Equality Act (2010)

As part of the Equality Act, NESO has a legal requirement to comply with the Public Sector Equality Duty (PSED), consider how we can improve society and promote equality in every aspect of our day-to-day business. Our employees, suppliers' employees, and end service users have the right to respectful treatment. We will not tolerate discrimination, harassment, or victimisation in the workplace or in connection with any NESO service provision. We expect our suppliers to provide the same commitment to their own employees and subcontractors. The Equality Act (2010) protects against discrimination, harassment or victimisation relating to one of the Equality Act's protected characteristics.

Human Rights and Employment Law

NESO and its suppliers must comply with all applicable human rights and employment laws in the UK and beyond (where applicable) to legally protect all basic human rights. The legislation ensures that the rights set out are enjoyed by all, including dignity, fairness, equality, tolerance, and respect. This incorporates alignment with the Human Rights Act (1998), the United Nations Guiding Principles on Business and Human Rights, and compliance with the provisions of the Modern Slavery Act 2015 – see Section 3: Supply Chain.

Whistleblowing, reporting & cooperation

NESO provides safe, confidential channels to report wrongdoing and seeks to protect reporters from retaliation when concerns are investigated, we expect the same of our suppliers. We expect suppliers to have a comprehensive whistleblowing policy that allows employees to report incidents or concerns anonymously, safely, and without repercussion. Suppliers are therefore expected to have in place a confidential hotline, mailbox or something similar, which is accessible to all employees and associates. antiretaliation policies and training, evidence of transparent investigation processes and procedures and the keeping of clear records will all support you in encouraging whistleblowing in your organisation. Notifications of any breaches covered by this Code should be reported promptly to NESO.

Health and Safety at Work

In line with NESO's key values, we are committed to providing a safe, healthy, and secure working environment that is properly maintained and where operations are conducted safely for our employees, suppliers and members of the public aligning with the Health and Safety Act (1974). Suppliers must ensure

- their employees and contractors are properly trained and competent.
- they provide necessary information, instruction, training and supervision to secure their health and safety at work.

We expect suppliers to work with us to ensure that they follow health and safety procedures and report incidents accordingly.

Environmental Information Regulations (2004)

The EIR (2004) provides access to NESO's information on the environment. The objective is to increase openness, accountability, and transparency and to increase the public's awareness of environmental issues.

Energy Act (2023)

New laws were passed to bolster energy security and deliver net zero by 2050. NESO and its suppliers have a responsibility to ensure efficient energy planning, enhance energy security, minimise costs to consumers, and promote innovation. We have a duty to respond to requests for advice, analysis, or information from the Government or Ofgem.

Climate Change Act (2008)



NESO is committed to delivering a whole-system approach to energy, taking into account how different energy sources, such as electricity, gas, and liquid fuels, can work together to provide energy for transportation, technology, communications, heat, and water.

This approach can help ensure that the best decisions are made for both the environment and the public and support the Government in reducing greenhouse gas emissions to net zero by 2050. NESO will work with its suppliers to develop a clean power system by driving innovation, attracting investment and advising decision-makers to help achieve a successful and fair transition to a Net Zero Energy System.

Freedom of Information Act (2000)

Suppliers should be aware that, as a publicly owned organisation, NESO is obliged to publish certain information about our activities. Members of the public are entitled to request information under the FOI (Freedom of Information) Act (2020).

Bribery Act (2010)

NESO has a zero-tolerance approach to any form of bribery, fraud, or corrupt business practices within the organisation, suppliers, and the supply chain. NESO expects suppliers and the supply chain to have procedures in place in accordance with all local and national laws and regulatory frameworks, including but without limitation to the Bribery Act (2010), UK Criminal Finances Act (2017), Criminal Facilitation and Tax Evasion and those listed in Schedule 6 of the Procurement Act 2023

Anti-Bribery and Corruption

NESO's suppliers are expected to ensure that their employees and supply chains are clear on Anti Bribery requirements i.e. that it's illegal to offer or accept bribes and that any company is committing an offence if they fail to prevent bribery by associated persons under UK law. NESO believes that Suppliers should have 'adequate procedures' in place to provide this assurance.

Suppliers are therefore expected to have in place, as a minimum, a board approved Anti Bribery and Corruption policy, a process to manage bribery risk assessments, a conflicts register, clarity in relation to gifts & hospitality thresholds and approvals, due diligence on agents, intermediaries and key subcontractors in relation to flowed down terms, staff training on induction and periodically thereafter on the above, and monitoring and internal audit controls. Suppliers should have an escalation procedure to inform appropriate bodies of any breach and investigation thereof in accordance with UK law and must keep NESO notified.

Counter Fraud (Failure to Prevent Fraud)

Large organisations can be held liable if they fail to prevent fraud by employees or associates intended to benefit the organisation or a client. NESO believes that Suppliers should have 'reasonable procedures' in place to mitigate this and ensure compliance with

UK law. Assurance can be provided through fraud risk assessment procedures and associated activities, a senior responsible owner for fraud, clear investigation protocols, training on fraud red flags and what employees or their supply chain are to do on discovery. Periodic testing of all of the above with lessons learned activity will also shape a counter fraud culture.

Competition law

NESO expects that suppliers are compliant with Competition Law and that Suppliers and their employees should not collude with competitors to fix prices, rig bids or otherwise put in place mechanisms to share markets or limit output. Competition Law offences risk heavy fines and exclusion, so it is advisable to have a competition law compliance policy and related training.

Tax Integrity (Failure to Prevent the Facilitation of Tax Evasion)

Suppliers, their employees, and supply chains should be aware that it is an offence if the supplier or the supply chain's employees or associated persons criminally facilitate tax evasion. Suppliers should have reasonable prevention procedures in place, including risk assessments of exposure points, flow down contract clauses and due diligence with high-risk third parties. Staff training, clear reporting lines, monitoring, and response planning will support you in demonstrating assurance to the appropriate bodies.

National Security & Investment (NSI) Act 2021

As an entity critical to UK energy security and infrastructure, NESO is in scope of the UK's national security and investment reviews under the National Security and Investment Act 2021. The NSI Act grants the government powers to scrutinise and intervene in business transactions, including acquisitions of control over entities that conduct activities in sensitive areas of the economy, one of which is energy. Any acquisition of control (including certain levels of shareholding/voting rights) may trigger the NSI Act's mandatory or voluntary notification requirements and potential review by the Investment Security Unit.

Certain transactions, therefore, require notification for national security review, and these transactions should not be completed before this clearance is given (where this is mandatory). Suppliers should assess whether a transaction triggers mandatory notification and cooperate with information requests from the Investment Security Unit (and interim orders where this is the case) and must keep NESO notified at all times.

Hospitality and Gifts

NESO requires our suppliers' support to enforce our policy on business rewards, including gifts, hospitality, and entertainment. Employees working in Procurement and those employees who directly buy or manage contracts for goods, works, or services on behalf of NESO are not permitted to give or receive any gift, hospitality, entertainment, or cash rewards when involved in an active tender. The best way to avoid a potential Conflict of Interest is for suppliers to refrain from offering gifts, rewards, hospitality, or entertainment to our employees.

Conflicts of interest

NESO has systems in place to ensure all employees and suppliers declare and manage conflicts early. Suppliers should ensure that their employees or associated individuals are aware of the policy, that conflict declarations are collected at all times, and returns are collated and reviewed.

Suppliers should have an escalation procedure to notify NESO of any breach and actively participate in any subsequent investigation.

NESO Endorsements

NESO will not give testimonials or individual supplier endorsements, including customer feedback surveys, and suppliers should not request them. We may provide factual references on request for work that has been completed on our behalf, but this is at NESO's absolute discretion.

Social Media

NESO does not approve the use of our brand in any supplier- or supply chain-related marketing communications on any platform, digital or non-digital, without the express permission of the External Affairs Team.

SECTION TWO

Information Security

NESO is committed to protecting our information and information systems from unauthorised access, use, disclosure, disruption, modification, or destruction to maintain integrity and confidentiality and ensure availability.

Cyber Security & Information Assurance

Suppliers must safeguard the integrity and security of their systems and comply with relevant government standards and guidance. Suppliers should align with NCSC guidance, hold Cyber Essentials (or Cyber Essentials Plus where appropriate), and must manage assets, patching, and incidents in compliance. Suppliers must notify NESO of any cybersecurity incident that affects or could affect NESO data. Suppliers should have in place an asset inventory, secure configuration, multi-factor authentication for remote/privileged access, network segmentation, and secure-by-design software development. Suppliers should also have an incident response plan in place and tested. Suppliers should have an escalation procedure to inform NESO of any material incident and/or breach and actively participate in any investigation that follows.

Asset Management

NESO is committed to ensuring that effective controls are in place to protect our employees and company assets, including physical and tangible assets, as well as information. Any significant compromise of personnel information, physical information, or Information Technology (IT) security could result in disruption, with potentially severe economic, delivery, safety, and social consequences. We expect our suppliers and subcontractors to share our commitment to security. Security standards will be explored as part of the commercial tendering process. Any suppliers and subcontractors with access to NESO data, equipment, personnel, or information assets will also be required to review and understand NESO's security policies and ensure their compliance.

Data Protection Act (2018), incorporating the General Data Protection Regulations (GDPR) (2021), Data Privacy and Transparency

We expect suppliers and subcontractors to adhere to the DPA and GDPR, which regulate the collection, storage, use, disclosure, retention, and disposal of personal information that can identify a living person. Personal data must be processed lawfully and securely, used only for agreed purposes, and protected by DPIAs for all high-risk processing activities in line with UK law. Serious incidents must be reported promptly, and a record of all breach responses, including timelines and notifications, must be maintained. NESO requires that you have an escalation procedure in place to inform NESO of any material incident and/or breach and actively participate in any investigation that follows.

Artificial Intelligence (AI)

AI systems, tools, and products are part of a rapidly growing and evolving market, and as such, there may be increased risks associated with their adoption. Care should be taken to ensure that AI is used appropriately, with due regard for corporate ethics and management of associated risks and opportunities. As NESO increases its use of AI, it is essential to identify and manage the associated risks and opportunities across our commercial activities. Suppliers will be expected to comply with the procedures we put in place in our procurement activities to manage this.

All of NESO's suppliers must disclose if they are using AI in the direct provision of goods, works or services to NESO. Where appropriate NESO will work with you to understand whether legal or ethical considerations need to be addressed.

SECTION THREE

Supply Chain

NESO encourages the use of a supply chain through a prime supplier to reduce costs while improving efficiency and end-user satisfaction. We would like to pass on the benefits of working with NESO to the suppliers' supply chain using the best practice methodology.

Subcontracting and supply chain assurance

NESO expects its suppliers to treat subcontractors and suppliers in their supply chain fairly. We expect suppliers to avoid passing unreasonable levels of risk to subcontractors who cannot reasonably be expected to manage or carry them. We expect suppliers not to create artificial barriers to the use of small and medium-sized enterprises that are qualified to provide goods, works or services, and to actively encourage innovation in their supply chains to increase the value or quality of supply.

Suppliers are expected to establish pre-approval processes and procedures for critical subcontractors and ensure that this Supplier Code of Conduct ('Code'), along with key contractual terms (such as audit, security, data protection, and ethics), are flowed down accordingly, including provisions that promote the engagement of small and medium enterprises. Suppliers should also be able to provide evidence of ongoing supply chain monitoring, demonstrate positive improvements, and present corrective action plans implemented to support compliance.

Equality, diversity & inclusion

NESO expects suppliers to aim for equal opportunity and treatment of employees and strive for a workplace that is free from discrimination, harassment or abuse.

NESO expects its suppliers to avoid unlawful discrimination and as a minimum comply with all applicable laws regarding employee workers and work rights, fair treatment and employment. Including both the Equality Act 2010 and the Equality Act 2023.

NESO provides reasonable adjustments where required to meet regulations and expects its suppliers to manage reasonable adjustments as well. A reasonable adjustment is a change that must be made to remove or reduce any disadvantage associated with a person's disability whilst applying for or performing a role. This includes but not limited to:

- Physical changes to the workplace for accessibility.
- Appropriate equipment available for role to be performed.
- Flexibility of the workplace to support social anxiety.
- Training opportunities are made available to all.

Prompt Payment

Inline with NESO payment practices, and Procurement Act 23, we expect suppliers to be fair

and reasonable in their payment practices. Suppliers should pay subcontractors on NESO contracts within 30 days from receipt of invoice or by the payment due date, unless the invoice is considered invalid or disputed. They should be able to provide evidence of prompt payment to NESO and report any breaches of this requirement that may occasionally occur.

Modern slavery & human rights

NESO is determined to ensure its supply chain is free of modern slavery risks, refer to [NESO Modern Slavery statement 2025](#) which can include forced labor, servitude, and human trafficking. We therefore expect suppliers to join NESO in ensuring compliance with Procurement Policy Note (PPN) 02/23: Tackling Modern Slavery in Government Supply Chains, both within their own organisation and across their supply chain.

Suppliers should therefore have in place an Annual Modern Slavery Statement (if their organisation is in scope of this government policy), supply chain risk mapping activity and outputs to demonstrate their due diligence. Suppliers with modern-slavery offences face mandatory exclusion, and evidence short of conviction can still trigger discretionary exclusion from tenders, so supply chain due diligence expectations in our tenders and those our suppliers undertake are key.

Social, Economic and Environmental responsibilities

NESO expects suppliers to comply with social, economic, and environmental laws and any progressive sustainability requirements in our contracts, including social value and carbon reduction, where applicable. Suppliers should be able to provide evidence for any environmental claims and demonstrate how their supply chains support social and economic development in their local communities.

The Procurement Act 2023 (PA23)

PA23 introduces modern rules, new grounds for exclusion, and a central debarment list. Serious misconduct can lead to exclusion and termination. Suppliers should therefore have in place a Senior Responsible Officer accountable for legal/regulatory compliance, a process to track changes to procurement law, other legislation and PPNs, contract management with KPIs, issues and remedial plans and the necessary flow down of this Code to subcontractors in relation to the delivery of NESO contracts.



NESO Helpline

If you have any questions regarding the content of the Supplier Code of Conduct, please contact your Contract Manager, where relevant. If you want to raise a concern or a breach, please contact the NESO Assurance Team using the details below:

Business conduct helpline (External): 0800 0260477

Email: report@seehearspeakup.co.uk

File a concern: <https://fileaconcern.org/neso>

*Lines are open 24 hours a day, seven days a week

Version number	3 (Edition 2)
Owner	Dheeraj Choudhary
Role	Head of Procurement and Property
Author	Catherine Learoyd
Team	CFO
Approved by	Charlie Pate
Date approved	26 th January 2026
Review frequency	Bi-Annual

Amendments Record

Version	Date	Change Details
1.0	01 October 2024	Document created and approved as v1.0
2.0	07 February 2025	Bi-Annual Review, No Change
3.0	26 January 2026	Bi-Annual Review; changes made; Second Edition to be published