

Public

Modern Slavery Statement

2025-2026

NESO
National Energy
System Operator



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Introduction

The National Energy System Operator Limited (NESO) was established under the Energy Act 2023 as a independent public corporation, created to lead Great Britain’s transition to a cleaner, more secure energy future.

Building on our legacy as the Electricity System Operator (ESO), NESO takes a whole-system approach to planning and delivering the energy of today and tomorrow. We work across all energy vectors, and collaborate with government, industry, and our customers to enable a zero-carbon future. Our customers include those who generate, transport, and consume energy, and we are committed to serving their diverse needs with integrity, transparency, and purpose.

At NESO, we are committed to being a safe and inclusive place to work, where our colleagues can expect excellent working conditions and fair pay as well as an ability to bring their whole selves to work.

We recognise the prevalence of modern slavery globally. The 2024 Global Slavery Index indicates that the number of people living in modern slavery has continued to grow since 2016. The 2024 index estimated that, in the UK, there were over 122,000 people bound in slavery. These stark figures underline the critical role we need to play in identifying and mitigating potential harm to people.

This statement marks NESO’s first formal commitment under the Modern Slavery Act 2015. It sets out our approach to governance, due diligence, and supplier engagement, and outlines our commitments to combat modern slavery. We are committed to ethical business practices and to ensuring effective controls are put in place to prevent slavery and human trafficking across our supply chains.

For the purposes of this statement, NESO’s definition of modern slavery encompasses slavery, servitude, forced or compulsory labour, human trafficking, sexual exploitation and child labour as per Article 12, Section 54 of the Modern Slavery Act 2015 (the Act).

This Modern Slavery Statement which covers NESO’s financial year ended 31 March 2025, outlines our commitments to combatting modern slavery under section 54(1) of the Act.

I hereby sign this statement on behalf of the Board of Directors of National Energy System Operator Limited, following its approval on 24 September 2025.

“At NESO, we understand the responsibility we carry in shaping a fairer energy future. Promoting ethical conduct and upholding human rights is not just a principle, it’s embedded in how we operate, how we lead, and how we hold ourselves accountable.”

Fintan Slye

Fintan Slye
Chief Executive Officer

About NESO

Our approach to addressing modern slavery

At NESO, our commitment to tackling modern slavery is embedded within the wider human rights context. We recognise the vital role that businesses play in promoting respect for human rights and operate in accordance with the European Convention on Human Rights (ECHR).

Modern slavery, human trafficking, child labour and forced labour are exploitative practices often used to maximise profit by reducing costs frequently at the expense of individual dignity and rights. These practices share a common disregard for human welfare and result in severe exploitation.

We believe that every NESO colleague deserves safe, inclusive working conditions and fair pay. Our commitment to human rights extends beyond our organisation, shaping how we engage with suppliers, partners and wider society.

This is NESO's first modern slavery statement. It reflects our determination to develop best practice, strengthen due diligence, and mitigate the risk of human rights violations across our operations and supply chain. Through this work, we aim to make a meaningful and lasting difference.

About National Energy System Operator

NESO is constituted in the UK as a Private Limited Company under the Companies Act 2006 and has been given an indicative classification of public non-financial corporation by the HM Treasury Classifications Team. NESO is wholly owned by the Secretary of State for Energy Security and Net Zero.

We operate solely in the UK where over 2,400 employees and contingent workers operate out of four offices, our registered office in Wokingham, and offices in Warwick, Glasgow and London.

From ESO to NESO

NESO formally separated from National Grid on 1 October 2024. To ensure continuity of operations during this transition, NESO established a number of Transitional Service Agreements (TSAs) and Operational Service Agreements (OSAs) with National Grid. These agreements provide critical support while NESO builds its own internal capabilities and infrastructure.

During the TSA and OSA period, NESO continues to rely on National Grid for a range of co-dependent services, including cyber and physical security, IT networks, digital workplace infrastructure, and end-user IT services such as application management and core systems for People, Finance and Procurement.

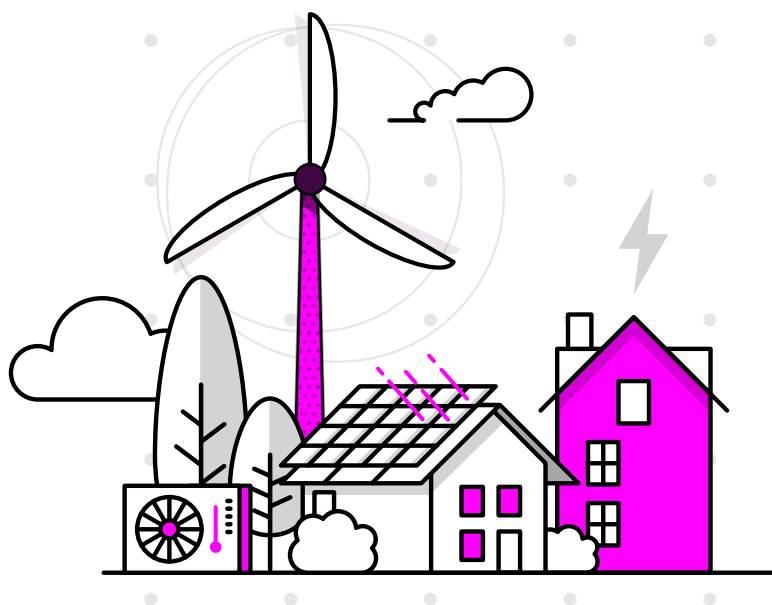
We are working closely with National Grid to enable a smooth and timely exit from these arrangements. In parallel, we are progressing procurement and implementation of standalone platforms for the transformation of HR, Finance and Procurement services.

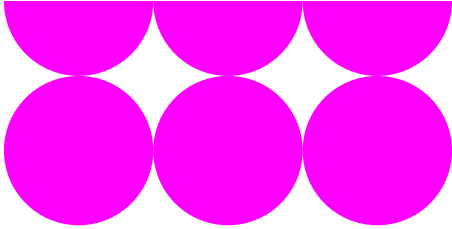
We recognise that modern slavery risks during this period are intrinsically linked to the contracts and services delivered under the TSA and OSA framework.

Our Colleagues

At NESO, our people are our greatest asset. We are committed to fostering a fair, respectful and secure working environment for everyone, where all colleagues are treated with dignity and supported to thrive.

We are focused on building a diverse and capable workforce, bringing together expertise from across the energy landscape to help shape the future of the system.





About NESO continued

Whilst NESO would not typically be considered a high-risk organisation for labour-related breaches – given that most of our people are highly skilled. We remain acutely aware of the possible risks regarding our people and conduct robust checks in line with BS7858 prior to employment to mitigate the risk of modern slavery

taking place in our business. The pre-employment screening checks seek to limit the risk of forced and compulsory labour in our workforce by ensuring newly hired employees and contingent workers have completed background vetting checks. This process may differ between roles but as a minimum, checks include:

- 1

Identity
- 2

Criminal Records
(basic, standard & enhanced)
- 3

Employment/
educational
history
- 4

International
checks
(if required)
- 5

Overseas
sanctions file
(if required)
- 6

National Security
Vetting
(if required)
- 7

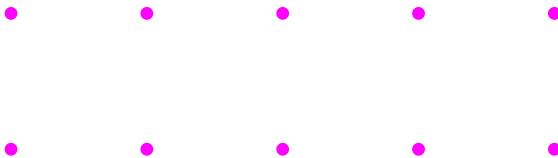
Medical
assessment
(if required)

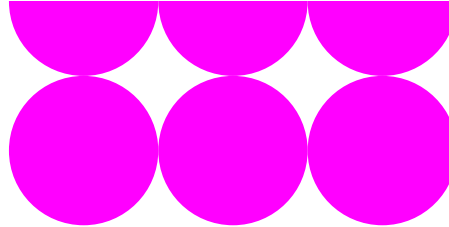


Our Talent Acquisition team plays a critical role in ensuring our recruitment practices are fair, inclusive and compliant. We monitor and manage our hiring processes in alignment with the Equality Act, the Rehabilitation of Offenders Act, and other relevant UK legislation. This approach helps us uphold our commitment to equity and transparency, while attracting diverse talent that reflects the communities we serve



We expect all external providers supporting our recruitment activity to be sourced through our Preferred Supplier List.





About NESO continued

Contingent Workers

Our contingent workers are skilled individuals who are not employees of NESO, but whom directly or indirectly provide specific services to NESO on a temporary basis. As skilled individuals, our contingent workers are at a lower risk of modern slavery.

We use a pre-approved managed service provider (MSP) to appoint contingent workers. Our MSP is required to complete pre-employment screening of their workers in line with NESO's policies. Alongside our employees our contingent workers are also required to adhere to Our Values and Our Code of Ethical Conduct whilst providing services to NESO.

Contingent workers have access to NESO's online policy library. NESO operates a Contingent Labour Policy, which provides guidance to our People Managers on screening requirements and provides Managers with their responsibilities to ensure contingent workers are living our values and adhering to our code of ethical conduct.

Collective bargaining and freedom of association

We regularly interact with our employee representatives and trade unions, we consider these a vital means of transparency and engagement. We frequently use these sessions to discuss developments and updates on the progress of our strategic priorities. We aim to respect our employees' right to freedom of association across our business and share information about our employee representative bodies with our colleagues on our intranet.

1477

Of our employees are covered by a collective bargaining agreement



Pay

NESO is committed to ensuring that our people are fairly and competitively rewarded. Our remuneration framework is designed to attract, retain and motivate high-calibre individuals who contribute to the delivery of NESO's statutory duties and strategic objectives. We achieve this through annual benchmarking of our

remuneration packages against appropriate peer groups, ensuring alignment with market practice and public sector pay principles.

Remuneration for the Chief Executive Officer (CEO) and Executive Committee is reviewed and approved annually by the NESO Remuneration Committee. This includes oversight of terms of appointment, remuneration, benefits and termination arrangements. Remuneration for People Managers is overseen by the Committee based on recommendations from the CEO, Chief Financial Officer (CFO) and Chief People Officer, ensuring consistency and proportionality across all leadership levels.

For the wider workforce, remuneration is governed by collective bargaining agreements in place at the time, in accordance with the national framework agreed between management and recognised trade unions. This framework supports a consistent and equitable approach to pay across NESO.

We expect our suppliers to uphold a just and fair approach to remuneration, including adherence to applicable minimum wage legislation. NESO's commitment to fairness in pay extends across our operations and supply chain, reflecting our values and responsibilities as a public corporation.

Our Values



Accelerate Progress

We deliver better outcomes at pace when we take accountability, are courageous and progress the bigger picture.



Be Curious

We achieve more when we demonstrate a growth mindset, being curious, asking questions beyond and within our organisation to develop, learn and innovate.



Build Trust

We build trust when we listen to and understand the needs of our colleagues and customers, are transparent with our actions and deliver on our commitments.



Create Belonging

We perform at our best when we can be our true selves, embrace diversity and are truly inclusive.

About NESO continued

Our Supply Chain

In support of our operations, we procure goods and services from suppliers for the operation of our business. Our supplier spend is tracked in currency, with the majority of transactions occurring in jurisdictions where modern slavery legislation is in force. We continue to monitor our supply chain and procurement activities to ensure alignment with ethical standards. We are acutely aware that that modern slavery practices can and do occur in the locations that we operate. We recognise that our relationships with suppliers may expose us to modern slavery risks which must be identified and managed.

Our supply chains include:

- Technical suppliers, including suppliers of IT support, data centres, software and technology contractors.
- Support for the operation of the electricity system, including specialist contingent workers, specialist equipment required to enable the monitoring and operation of the control rooms.
- Workplace management, including cleaning, maintenance, security and catering suppliers.

Payments to our Suppliers

92% of all supplier payments were made on time



Timely payment is a key part of NESO's ethical procurement approach and supports our broader commitment to responsible business conduct across the supply chain.

In FY25, 92% of all supplier payments were made in line with contractual terms, reflecting our adherence to the Prompt Payment Code and our commitment to fair commercial practice.

NESO defines payment terms as the period between the invoice date and its due date for payment. Our reporting covers purchase order (PO) invoices paid throughout the financial year. Invoices that are reversed, cancelled, or processed outside the PO framework are excluded from this calculation to ensure accuracy and consistency.



Risk Assessment and Due Diligence Processes

All NESO suppliers are expected to operate in an ethical, open, and transparent way, and in accordance with applicable laws and regulation. Our suppliers are an important part of how we deliver for our communities and the businesses we serve. We recognise that their people often represent NESO in the real world, we are committed to building open and trusted relationships and driving performance to bring value across our supply chain.

In October 2024, we introduced the NESO Supplier Code of Conduct. A positive step in reinforcing our commitment to doing business with integrity. We are committed to working with suppliers who share our dedication to eradicating modern slavery. Our Supplier Code of Conduct sets out the standards we expect across key areas including adherence to the Modern Slavery Act 2015 and Procurement Policy Notes on tackling modern slavery in government supply chains. Just as importantly, we expect our suppliers to have proactive measures in place to ensure that these standards are upheld throughout their own supply chains. Integrity does not stop at our doorstep; it extends to everyone we work with.

Due Diligence

We understand that our strategic relationships with third parties carry responsibility. If any of our partners are linked to modern slavery practices, there is a risk that NESO could be indirectly connected.

NESO undertakes due diligence as part of its supplier selection process. To assess financial resilience, we draw on data analytic platforms such as Moody's and Dun & Bradstreet. Where appropriate, NESO also seeks guidance from its sponsoring department, the Department for Energy Security & Net Zero, to ensure alignment with government standards.

We require all suppliers and their subcontractors to ensure that colleagues engaged in the delivery of services are appropriately qualified, trained, and experienced, and are vetted in line with NESO's policy requirements. NESO expects suppliers to actively support its obligations under Section 149 of the Equality Act

2010 by delivering services in a manner that promotes equality, eliminates discrimination, harassment and victimisation, and fosters positive relations between individuals with protected characteristics and those without.

In instances where modern slavery is identified within our supply chains, we will work constructively with the supplier to address the issue. This includes agreeing a clear action plan and implementing enhanced contract management measures. Where remediation is not possible or cooperation is not forthcoming, we reserve the right to terminate the contract, considering the potential impact on vulnerable individuals and ensuring that any action taken does not further harm those at risk.

NESO is committed to safeguarding the wellbeing of individuals and upholding high standards of ethical conduct. Should we identify a potential victim of modern slavery, we would notify the appropriate law enforcement authorities. If we believe someone is in immediate danger within the UK, we will contact emergency services without delay.

During the reporting period, NESO did not identify any supplier issues relating to modern slavery.



Risk Assessment and Due Diligence Processes continued

Raising a Concern

At NESO, we actively foster a speak-up culture, sharing a responsibility to speak up when we see or experience behaviour that falls short of our values.

We track our progress through NESO@Listens, our colleague survey to ensure our speak up culture is working in practice, not just in principle.

We are committed to openness and transparency. Everyone, whether directly employed or working on our behalf has clear, accessible routes to raise concerns. This includes our Ethics & Compliance Champions, in-house Ethics Team, and external hotline.

Our speak up hotline is a secure, confidential channel available 24/7 to anyone connected to NESO, employees, contingent workers, suppliers and partners. It enables anonymous reporting of suspected illegal, unethical or improper conduct, including modern slavery. Operated by an independent provider, it ensures confidentiality, trust and allows users to track the progress of their report.

On 1 October 2024, we launched NESO's Code of Ethics, our commitment to acting with integrity, every time. Alongside it, we introduced our speak up policy, designed to empower our people to raise concerns clearly and confidently, without fear of retaliation. This sets out how to report an issue, what details to include, and what you can expect when raising a concern.

From our latest NESO@Listens survey, 77% of colleagues said they feel confident raising ethical or compliance concerns. Whether it's a colleague or third party, when someone speaks up – we listen, we act, and we protect. We never tolerate retaliation and take every report seriously. Our Ethics Team handles all concerns with care and rigour, conducting independent investigations where required.

In FY25, no modern slavery concerns were reported across our operations or supply chain. We continue to monitor closely and foster a culture where everyone feels safe and supported to speak up.

77%

of employees feel they could report unethical practices without fear of being negatively impacted.

– 2024 NESO@Listens survey



Our Policies

NESO's approach to identifying and mitigating modern slavery risks is underpinned by a policy framework. These policies are designed to help us recognise and address potential risks to our business and the people we work with, including the risk of forced labour. All NESO colleagues are expected to comply with these policies, which are accessible via our Quality Management System. Third parties engaged by NESO are also required to adhere to relevant NESO policies as part of our commitment to responsible and ethical practice.



Code of Ethics

This reflects our organisation-wide commitment to respecting the human rights of everyone we work with. The Code applies to all NESO colleagues, setting clear expectations for ethical conduct across our operations.



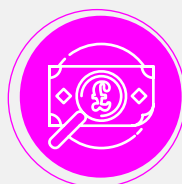
Speak Up Policy

This policy empowers both our colleagues and those working with NESO to raise concerns or suspicions about potential wrongdoing, including issues related to modern slavery. The policy sets out clear channels for reporting, explains how concerns are investigated, and reinforces our zero-tolerance stance on retaliation.



Grievance Policy

Employees are able to raise concerns if they've been directly affected or feel victimised for speaking up. Issues can be resolved informally or escalated through a formal written process, with support from trained Investigating Officers. This complements our speak up policy, which offers confidential channels for reporting serious concerns, including modern slavery.



Anti Financial Crimes Policy

Setting out our zero-tolerance approach to financial crime, including bribery and corruption, money laundering, the financing of terrorism, tax evasion, market abuse, and modern slavery. Through robust internal controls and governance, we proactively identify, assess, and manage financial crime risks. We recognise that modern slavery can be a predicate offence to crimes such as money laundering, bribery, and corruption.

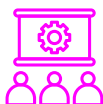
Training and Awareness

Code of Ethics Training

Every new starter at NESO is introduced to our Code of Ethics through our induction programme, laying the foundation for how we work and what we stand for. We provide ongoing training for all colleagues on key topics linked to our Code, to ensure our commitments are lived every day.

96%

of colleagues completed the Code of Ethics training post 1 October 2024



Modern Slavery Training

Our procurement activity is led by a team of subject matter experts who apply commercial insight to how we manage our supply chains. We are committed to continuously building their capability, particularly around identifying and addressing modern slavery risks.

We encourage all procurement colleagues to complete targeted training designed to strengthen their understanding of modern slavery risks across the commercial lifecycle. This includes the Government Commercial College's training module, which explores modern slavery in supply chains through a Personal Protective Equipment case study.

In addition, NESO promotes the training resources detailed in the Government's Procurement Policy Notes on tackling modern slavery in government supply chains.

These tools equip learners to recognise indicators of modern slavery, build confidence in reporting concerns, and apply practical steps to mitigate risks.

This approach reflects our broader commitment to effective due diligence and responsible procurement. By embedding standards across the commercial lifecycle, we empower our people to identify risks, challenge poor practice, and uphold NESO's values, integrity, transparency, and fairness at every stage of the commercial lifecycle.

Anti-Fraud and Bribery Training

We have zero tolerance for fraud and bribery. Every colleague plays a vital role in upholding our high standards of ethical behaviour and integrity. Mandatory Anti-Fraud and Bribery training ensures colleagues understand their responsibilities and helps prevent financial crime, one of the risks linked to modern slavery.



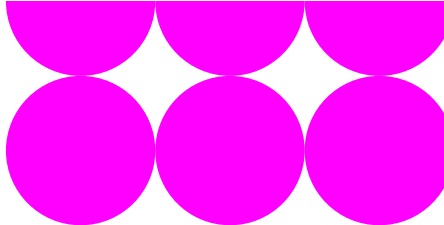
Focus Areas

NESO is committed to making meaningful, year-on-year progress in tackling the risk of modern slavery, both within our organisation and across our supply chains. We recognise that improvement is not a one-off action but a continuous journey requiring sustained focus and accountability.

To support this ambition, we have established clear goals to measure the effectiveness of our approach. These goals help ensure we remain focused on protecting workers from exploitation and driving positive change across our commercial activities.

NESO will assess its impact using the following measures:

- **Introduce a contract tiering framework** to categorise agreements into gold, silver or bronze tiers based on assessed risk, enabling proportionate oversight and assurance across our commercial landscape.
- **Utilise Modern Slavery Risk Assessments (MSATs)** to identify contracts at high or medium risk of modern slavery.
- **Review and align procurement terms, policies and procedures** with the latest government guidance.
- **Mandate Modern Slavery training** for all procurement specialists.
- **Make the Home Office training resources accessible** to all NESO colleagues via the procurement intranet, supporting wider organisational awareness and ethical decision-making.
- **Introduce and integrate the Ivalua procurement platform** into NESO's procurement processes to enhance data quality, transparency and insight across our commercial operations.
- **Progress NESO's formal accreditation as a Living Wage Employer**, reaffirming our commitment to fair pay and ethical employment practices.



Governance

Day-to-day responsibility for identifying and mitigating modern slavery risks is delegated to NESO's CFO, with operational delivery led by our procurement specialists. This governance structure ensures that NESO's approach is embedded across the commercial lifecycle and aligned with our broader ethical and compliance frameworks. Our Board formally approves NESO's annual Modern Slavery Statement, reinforcing our commitments from the top.



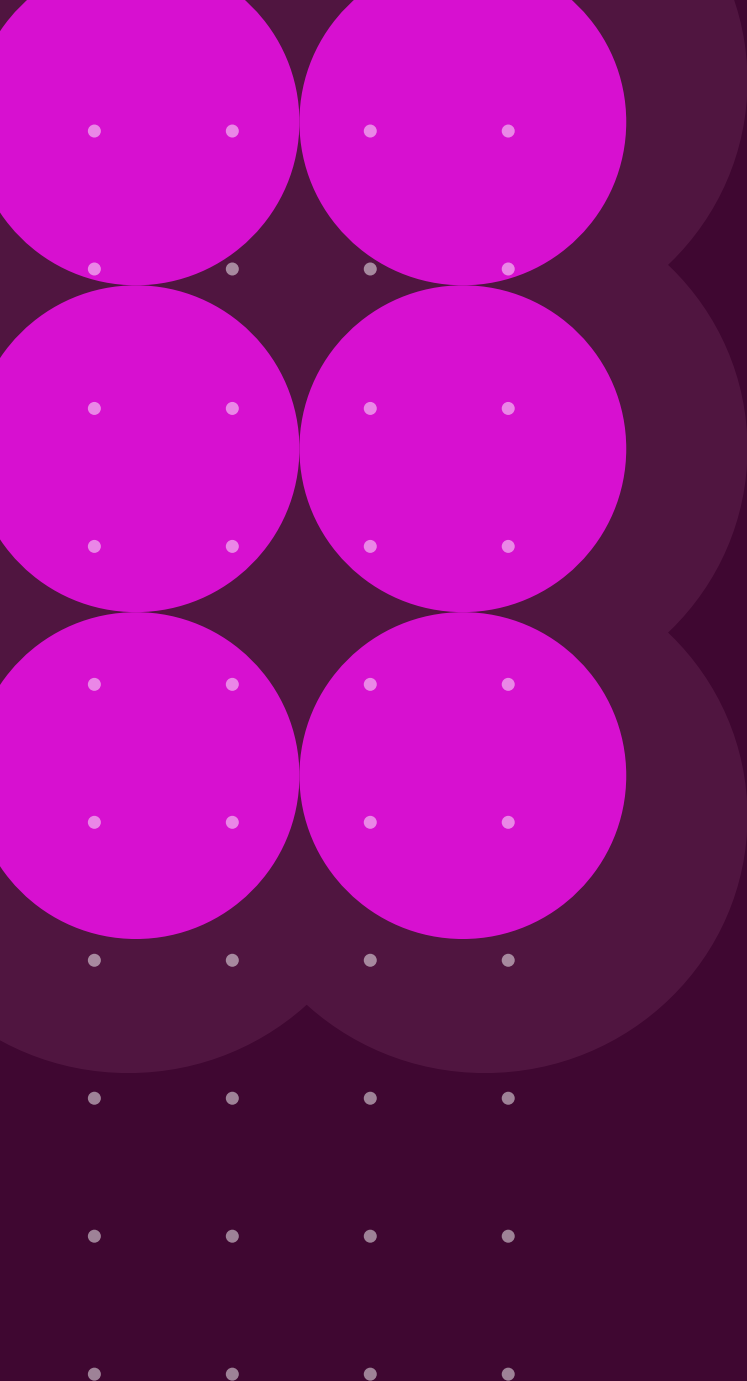
Get in touch:

If you have any specific concerns about modern slavery taking place in our business or supply chains, please use the following Speak Up channels.

Internal: Follow guidance in NESO's internal Speak Up Policy.

Speak Up helpline: 0800 0260477

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



National Energy System Operator

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