

CONFLICTS OF INTEREST AND DISCLOSURE POLICY

This policy sets out National Energy System Operator’s commitment to performing with the highest standards of ethical conduct and integrity. This policy applies to all employees, including all contractors. In line with the guidelines set out in this policy, everyone is required to declare any actual, or perceived, conflict of interest pertaining to the work they have been engaged to undertake. A mandatory nil return is also required where no actual or perceived conflicts need to be disclosed. If you are found to knowingly be in breach of this policy, it will be considered a breach of NESO’s Code of Ethics

An Introduction from Zoe Morrissey, Director of Legal and Regulation.

At National Energy System Operator, we take our responsibilities for achieving the highest standards of ethical behaviour very seriously and we believe in promoting a culture of openness and integrity. We have a zero-tolerance approach to unethical behaviour and will always operate fairly and transparently and will cooperate with governmental and law enforcement authorities in connection with any matters involving our organisation. This policy provides a framework for dealing with any actual or perceived conflicts of interest. It provides guidance for identifying, monitoring, and managing potential conflicts of interest that could arise between employees, customers, suppliers and other stakeholders.

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What is a conflict of interest?

A Conflict of Interest is a situation where an individual's personal interests could compromise, or be perceived to compromise judgement, decisions, or actions in the workplace. A conflict of Interest could arise through:

a. **Financial interests** (excl. Share Ownership and Dealing)

Personal, family member, or friend, where you/they receive, own or provide any of the following to our organisation, or from/to any entity that can reasonably be connected to, or in conflict with our organisation;

- I. Owns a significant stake in a company that does business with our organisation;
- II. Receives compensation, including wages, salaries, commissions, professional fees, or fees for business referrals;
- III. Consulting relationships (including commercial and professional consulting and service arrangements, scientific and technical advisory board memberships, or serving as an expert witness in a lawsuit);
- IV. Services provided in exchange for honorariums or travel expense reimbursements;
- V. Research funding or other forms of research support;
- VI. Real estate investments;
- VII. Patents, copyrights, and other intellectual property interests;
- VIII. Business ownership and investment interests; or
- IX. Any other financial interest not listed that can reasonably be connected to, or in conflict with our organisation

b) **Competition**

Where you have a relative, friend, business associate or a romantic relationship and they hold a position or have involvement in any business enterprise other than National Energy System Operator that:

- I. Supplies goods, services or property to National Energy System Operator (This includes any relationship with National Grid provided under the Transitional Service Agreement)
- II. Competes for business with National Energy System Operator
- III. Purchases goods, services or property from National Energy System Operator
- IV. Acts as a regulatory body to National Energy System Operator

c) **External directorships, second jobs and outside activities**

where you:

- I. hold, or are planning to take up, a second job or external directorships (including non-executive positions) that does business with our organisation or in conflict with our organisation. You are required to provide details of time commitment and monetary benefit.
- II. are involved in outside activities (examples include charity work, belonging to public organisations, political affiliations e.g. candidate for parliament or local authority, lobbying/pressure groups, parent teacher associations and school governing bodies) which might conflict your ability to perform your role in terms of time, resources and applicable legislation.

d) **Internal Personal relationships**

A 'personal relationship' is defined as any relationship between employees that could be considered a:

- I. romantic relationship
- II. relationship in which employees cohabit
- III. relationship with a relative who works in NESO.

A relative is any person who is related by blood or marriage, or whose relationship with an employee is similar to that of a person who is related by blood or marriage.

- e) **Share Ownership and Dealing** – Please refer to NESO Share Ownership and Dealing Policy for further details.

Aim of the Policy

Through our conflicts of interest policy and associated procedures, we aim to deter, detect, and investigate actual or perceived conflicts of interest. This policy:

- Sets out the behaviours we expect to ensure compliance with relevant legislation and our ethical standards.
- Enables the recognition and reporting of suspicions or concerns relating to conflicts so they can be investigated, and mitigative actions taken to protect the reputation and integrity of National Energy System Operator.
- Explains how our organisational governance maintains effective accountability and oversight for conflicts of interest.

Scope

This policy applies to everyone, from our Chairman to our Non-Executive Board of Directors, the Executive Leadership Team and every colleague who works for National Energy System Operator. **All employee** groups must undertake a Conflicts of Interest Declaration, even if declaring a nil return. This declaration should be made when you start in the organisation and subsequently through the annual declarations process.

Reporting a conflict of interest

To protect you and our business we have a process in place to report, record and manage any conflicts of interest. We do this by asking you to complete a conflicts of interest declaration, detailing any known or perceived conflicts of interest and any personal relationships in the workplace.

- As detailed in the scope, all employees have a mandatory ongoing obligation to complete a Conflicts of Interest Declaration, even if declaring a nil return.
- If you believe you may be conflicted, you must discuss this with your line manager and confirm this in your Conflict of Interest Declaration along with any mitigations which have been put in place.
- All personal relationships in the workplace must be disclosed, even where there is no evidence of a conflict.
- You can report a new declaration and amend or close an existing declaration by visiting the [Conflicts of Interest](#) page.

How will this information be used?

The information you provide will be treated confidentially and will only be used for the conflicts of interest and associated processes. You are required to inform your manager of all disclosures before submitting. Following submission, where necessary, line managers may receive a notification informing them of the declaration. If it

is of sensitivity, i.e., there is a reason you are uncomfortable with disclosing the matter with your line manager, then please contact the Ethics team for advice.

All disclosures will be reviewed independently by the Ethics team and where appropriate, actions will be agreed with you to address the conflict. We will ensure that any suspicious activity, behaviour or concern is reported appropriately.

We will provide regular reporting to the Chief Executive Officer on all conflicts. For novel and contentious conflicts, the Ethics team may need to seek advice from Legal, Corporate Affairs and possibly the Executive (example would be accepting an external board appointment). You will be informed of this before doing so.

Twice yearly, the Company Secretary will provide a report by exception to National Energy System Operator's Board for noting.

Declarations submitted will be kept on file for a period of 6 years.

Monitoring and Investigations

We operate a conflicts of interest process to evaluate, mitigate and monitor the risk of any actual or perceived conflicts.

All persons in scope of this policy must adhere to it. If you are found to knowingly be in breach of this policy, it will be considered a breach of NESO's Code of Ethics.

The assessments of all declarations are conducted by our Ethics team in coordination with the individual making the declaration and their management and are assessed to ensure appropriate mitigating actions are implemented.

Communication

Training on this policy is in place and as is included in the induction process for all new employees and covered in the Code of Ethics mandated training applicable to all employees.

The key principles of this policy are also set out in our Supplier Code of Conduct ensuring that anyone working on our behalf are aware of our policies and expectations.

We provide regular related communications to our employees as part of our Ethics programme and to reinforce the requirements and expectations of all our employees.

Related Documents

We have several internal policies that support our adherence to our conflicts of interest controls, in addition to the following public documents.

- National Energy System Operator Code of Ethics
- National Energy System Operator Supplier Code of Conduct
- National Energy System Operator Responsible Business Charter
- National Energy System Operator Framework Agreement
- NESO Share Ownership and Dealing Policy

Relevant Legislation and Obligations

This policy is designed to secure compliance with the following legislation:

- The Economic Crime and Corporate Transparency Act 2023
- Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of the Organisation for Economic Cooperation and Development (OECD)
- Fraud Act 2006
- Bribery Act 2010
- The Companies Act 2006
- NESO licence condition B1 Part D (Independence requirements and compliance obligations)
- NESO Gifts and Hospitality Policy

Contact Information

National Energy System Operator Director of Legal and Regulation is accountable for the policy and the [REDACTED] is responsible for monitoring its effectiveness and will review the implementation of it on an annual basis.

Internal Business Conduct contacts

- Email: [REDACTED]@nationalenergyso.com

External Helplines (available 24/7)

- UK Freephone [REDACTED]
- Report confidentially: [REDACTED]

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